OFFICE OF THE

Auditor General of British Columbia

Building Better Reports: Our Review of the 2001/02 Reports of Government

DOC
BC
A9
C
R4:
2002/03:7
2003
c.3

LEGISLATIVE LIBRARY OF BRITISH COLUMBIA
3 3298 00258 4366
103-03386/

2002/2003: Report 7

OFFICE OF THE

Auditor General of British Columbia

Building Better Reports: Our Review of the 2001/02 Reports of Government

National Library of Canada Cataloguing in Publication Data

British Columbia. Office of the Auditor General.

Building better reports : our review of the 2001/02 reports of government

(Report ; 2002/2003: 7)

ISBN 0-7726-4887-5

1. Finance, Public - British Columbia - Auditing. 2. Finance, Public - British Columbia - Accounting. 3. Administrative agencies - British Columbia - Auditing. 4. Government productivity - British Columbia - Evaluation. I. Title. II. Series: British Columbia. Office of the Auditor General. Report ; 2002/2003: 7.

HJ9921.Z9B74 2002 352.4'39'09711 C2002-960260-2

LOCATION:
8 Bastion Square
Victoria, British Columbia
V8V 1X4

OFFICE HOURS:
Monday to Friday
8:30 a.m. – 4:30 p.m.

TELEPHONE:
250 387-6803
Toll free through Enquiry BC at: 1 800 663-7867
In Vancouver dial 660-2421

FAX: 250 387-1230

E-MAIL: bcauditor@bcauditor.com

WEBSITE:
This report and others are available at our Website, which also contains further information about the Office: http://bcauditor.com

REPRODUCING:
Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our Office with authorship when any information, results or recommendations are used.

OFFICE OF THE
Auditor General
of British Columbia

8 Bastion Square
Victoria, British Columbia
Canada V8V 1X4
Telephone: (250) 387-6803
Facsimile: (250) 387-1230

The Honourable Claude Richmond
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Sir:

I have the honour to transmit herewith to the Legislative Assembly of British Columbia my 2002/03 Report 7: Building Better Reports: Our Review of the 2001/02 Reports of Government.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
January 2003

copy: Mr. E. George MacMinn, Q.C.
Clerk of the Legislative Assembly

Table of Contents

Auditor General's Comments 1

- Why I Chose to Assess Government's Performance Reports 1
- Approach 2
- Putting the Assessment Results in Context 4
- Overall Assessment 4
- Looking Forward 6
- Expectations and Commitments 7

Detailed Report

- Our Objective and Approach 11
- The Quality of Government's Annual Reports 13
- Are the Leaders Leading? 31
- Moving Forward 33

Response from the Ministry of Finance and Crown Agencies Secretariat 35

Appendices

- A The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Principles 39
- B Government Organizations Included in Our Review 51
- C Providing Assurance on the Ministries of Health Planning and Health Services Report: How Are We Doing? 53
- D Providing Assurance on the Public Guardian and Trustee 2001/02 Annual Report 59
- E Office of the Auditor General: 2002/03 Reports Issued to Date 63

Project team:

Senior Principal: *Enid Price*

Director: *Susan Jennings*

Project Leader: *Norma Glendinning*

Review Coordinators:

- Education
  - *Tony Timms*
- Finance and Transportation
  - *Randy Nicholson*
- Health
  - *Sarah Macdonell*
  - *Barbara VanDerLinden*
- Natural Resources
  - *Roy Butcher*
- Protection of Persons
  - *Mark Johnston*
  - *Mike McGinnick*

Auditor General's Comments

Wayne Strelioff, CA
Auditor General

Government and legislators in British Columbia are committed to public performance reporting. The Budget Transparency and Accountability Act — one of the first of its kind in Canada — requires government and its organizations to report publicly on their performance, outlining their intended achievements in service plans and their actual results in annual reports. Legislators proactively review these plans and reports.

Legislation, though, does not guarantee meaningful public reporting and accountability. Reporting publicly on government performance in a comprehensive and credible way will be neither easily nor quickly achieved. However, while government's annual reports initially may be incomplete, I believe that government will build on its experience to make meaningful public performance reporting a reality. I intend to do my part to help this happen.

Why I Chose to Assess Government's Performance Reports

My objective over the long term is to see that legislators and the public receive the best information possible for assessing the performance of the provincial government. Legislators too are demanding good performance information. Recently, for example, the Public Accounts Committee endorsed the principle that independent assurance be provided on the quality of the information government provides. The intent of third-party validation is to earn the reader's confidence in the credibility of the report. But getting to this stage will take time. Performance reporting is not yet well developed, in part because key elements in the process are missing: a generally accepted standard for reporting, opportunities for evolution and experimentation, and a level of maturity that comes from experience. However, I believe steps can be taken in the short term to encourage meaningful performance reporting in British Columbia.

One such step is to review the quality of the government's annual reports as I did last year in my *Building Better Reports: Public Performance Reporting Practices in British Columbia (2001)*. I decided to conduct a similar review again this year with the objective of: (1) keeping legislators and the public informed as to the quality of the performance reports they are receiving, and (2) encouraging government organizations to constantly improve the quality of their performance reporting — making them more meaningful and credible over time.

Approach

In planning for the 2016 review, I took these key changes from last year's work:

First, I expanded the number of annual reports reviewed from 20 to 28 to encompass all of government's ministries, large Crown corporations and the Legislature, as government's governance and accountability for the Office of the Premier and the Ministry of Finance. These are the organizations that set the performance reporting standards others must follow. As my Office did last year, we also assessed the quality of one core annual report.

Second, I included front-line reviews in assessments of the quality of government's service plans. Instead, I applied these reviews to the annual reports, which holds us to the key accountability reports for government. The reviews of plans were limited to determining whether the results in the 2015/16 annual reports were linked to the plans.

Third, my Office reviewed our assessments to determine how principles of good public performance reporting could change over time. The principles, representing emerging best practices, were those developed by the GAO, OECD, and other jurisdictions' auditors general and also those established in consultation with legislators, senior government managers and legislative auditors from across Canada.

According to the principles, good public performance reporting:

- Focuses on the few critical aspects of performance
- Links goals and achievements
- Links resources, strategies and results
- Presents results in the context of appropriate benchmarks
- Presents comparative information
- Discloses key reporting judgements

As a result, principles related to the reliability of the information were not included in this year's review. Until that government annual reports find such a role, auditing the usefulness of performance reports will remain the key principle.

Principles shape the evolution of reporting, they point the way to what reporting could and should be. They start out as ideals, the ceiling that reporting aspires to reach. Over time and with growing acceptance they become standards, the floor below which reporting may not sink.

(CCAF, July 2002)

be useful. (For a discussion on this principle and how we've addressed it elsewhere, see the topic box on page 6 "Adding Credibility: Providing Assurance on Reliability.")

We used these principles because they represent emerging best practices nationally. However, we are also working with government and legislators to reach consensus on the public performance reporting principles (and criteria) to be used for the British Columbia public sector. A steering committee has been struck for this purpose, with representatives from Treasury Board Staff, the Crown Agencies Secretariat, the Office of the Comptroller General and my Office. Assuming consensus is achieved, which I'm confident it will be, these will be the principles I'll use to guide my work in the future. I should add that the principles emerging from the British Columbia process are quite consistent with those developed by the CCAF.

The other key aspect of our methodology, the learning model, includes four stages of development: Start-up, In Process, Fundamentals in Place, and Fully Incorporated. We assessed government's annual reports in terms of their stage of development in reflecting each of the performance reporting principles. (Appendix A provides further details on this methodology).

In doing this review, we did not expect to find any organization that had reached the fully incorporated stage for each of the reporting principles. First, the principles themselves are evolving, and will continue to do so as British Columbia and other jurisdictions experiment with these or similar reporting principles and practices. Second, the reports we reviewed were prepared without organizations having the benefit of knowing what our assessment methodology would be. Nevertheless, government's organizations were not without guidance. Both Treasury Board Staff (for the ministries) and the Crown Agencies Secretariat (for the Crown corporations) produced guidelines that were highly consistent with the reporting principles contained in our methodology.

Principles shape the evolution of reporting; they point the way to what reporting could and should be. They start out as ideals, the ceiling that reporting aspires to reach. Over time and with growing acceptance they become standards, the floor below which reporting may not sink.

(CCAF, July 2002)

be useful. (For a discussion on this principle and how we've addressed it elsewhere, see the topic box on page 6 "Adding Credibility: Providing Assurance on Reliability.")

We used these principles because they represent emerging best practices nationally. However, we are also working with government and legislators to reach consensus on the public performance reporting principles (and criteria) to be used for the British Columbia public sector. A steering committee has been struck for this purpose, with representatives from Treasury Board Staff, the Crown Agencies Secretariat, the Office of the Comptroller General and my Office. Assuming consensus is achieved, which I'm confident it will be, these will be the principles I'll use to guide my work in the future. I should add that the principles emerging from the British Columbia process are quite consistent with those developed by the CCAF.

The other key aspect of our methodology, the learning model, includes four stages of development: Start-up, In Process, Fundamentals in Place, and Fully Incorporated. We assessed government's annual reports in terms of their stage of development in reflecting each of the performance reporting principles. (Appendix A provides further details on this methodology).

In doing this review, we did not expect to find any organization that had reached the fully incorporated stage for each of the reporting principles. First, the principles themselves are evolving, and will continue to do so as British Columbia and other jurisdictions experiment with these or similar reporting principles and practices. Second, the reports we reviewed were prepared without organizations having the benefit of knowing what our assessment methodology would be. Nevertheless, government's organizations were not without guidance. Both Treasury Board Staff (for the ministries) and the Crown Agencies Secretariat (for the Crown corporations) produced guidelines that were highly consistent with the reporting principles contained in our methodology.

Putting the Assessment Results in Context

Before reporting my overall assessment, I think it's important to point out that these reports were produced during a year that was anything but typical. The new government, immediately after being sworn into office in June 2001, led an extensive reorganization, giving to its ministries new policy direction and specific tasks (such as "New Era" commitments and other priorities). These changes made it difficult for ministries to produce reports that compared results to previously established performance targets. The 2001/02 performance plans contained performance commitments made by the previous administration, and these commitments were often no longer relevant. Consequently, ministries were directed to report on the status of their New Era commitments and other priorities, and to report on any performance targets from the previous year that were still relevant.

It is also important to keep in mind that even though the government wasn't required by the Budget Transparency and Accountability Act to produce annual reports until 2003, it opted to do so anyway—and published them more than a month earlier than the Act calls for. While this may have had an impact on the quality of the reports, I do commend the government for its effort to improve the timeliness of its reporting.

Overall Assessment

On average, government's performance reporting overall and for each of the reporting principles is in the Start-up or In Process stage of development (Exhibit 1). In my opinion, this means that the annual reports do not yet contain sufficient, appropriate information to allow for a full appreciation or assessment of government's performance. For the reasons I described above, this assessment was to be expected.

We found that the annual reports of the Crown corporations were somewhat better than those of the ministries. About two-thirds of the ministries were at the Start-up stage of development, while about two-thirds of the Crown corporations were at the In Process stage. Crown corporation reports were more focused on telling a performance story and less concerned with reporting on the status of specific projects.

In certain areas, relative to the average, some organizations did stand out. Examples include BC Hydro and Power Authority, the Ministry of Forests, the Ministry of Health Services and the Insurance Corporation of British Columbia. However, as with last year's review, no one annual report was a strong example of best practice in all areas we reviewed. It may be that different levels of reporting are due to varying levels of capacity among ministry and government organizations.

We also found that the quality of the 2001/02 annual reports produced by the government leaders were, on average, only starting to reflect good performance reporting. This was also true of my Office. I believe that the government leaders need to move swiftly to improve these performance reports, thereby setting an example for others to follow. I will do the same.

Exhibit 1

Overall assessment of the average stage of development of all government annual reports*

	Performance Reporting Principles					
Stage of Development	Focus on a few critical things	Linking goals and achievements	Linking resources and results	Capacity risk, other factors	Comparative information	Disclosing key reporting judgements
Fully Incorporated						
Fundamentals in Place						
In Process	◆	◆			◆	
Start-up			◆	◆		◆

*Includes 40 of government's annual reports. See Appendix B for a complete list.

Source: Compiled by Office of the Auditor General of British Columbia

We found that the annual reports of the Crown corporations were somewhat better than those of the ministries. About two-thirds of the ministries were at the Start-up stage of development, while about two-thirds of the Crown corporations were at the In Process stage. Crown corporation reports were more focused on telling a performance story and less concerned with reporting on the status of specific projects.

In certain areas, relative to the average, some organizations did stand out. Examples include BC Hydro and Power Authority, the Ministry of Forests, the Ministry of Health Services and the Insurance Corporation of British Columbia. However, as with last year's review, no one annual report was a strong example of best practice in all areas we reviewed. It may be that different levels of reporting are due to varying levels of capacity among ministry and government organizations.

We also found that the quality of the 2001/02 annual reports produced by the government leaders were, on average, only starting to reflect good performance reporting. This was also true of my Office. I believe that the government leaders need to move swiftly to improve these performance reports, thereby setting an example for others to follow. I will do the same.

Exhibit 1

Overall assessment of the average stage of development of all government annual reports

	Performance Reporting Principles					
Stage of Development	Focus on a few critical things	Linking goals and achievements	Linking resources and results	Capacity risk, other factors	Comparative information	Disclosing key reporting judgements
Fully Incorporated						
Fundamentals in Place						
In Process	◆	◆			◆	
Start-up			◆	◆		◆

Includes 40 of government's annual reports. See Appendix B for a complete list.

Source: Compiled by Office of the Auditor General of British Columbia

Adding Credibility: Providing Assurance on Reliability

This review of annual reports offers one way to gauge the overall quality of the government's performance reporting. But it does not address a key principle of good public performance reporting—that is, whether the information is reliable. Why? Because including this would have required a much more resource-intensive approach. Moreover, we don't believe that the reports have reached the stage of development where this level of scrutiny would have been useful.

Nevertheless, credible information is unquestionably at the heart of good performance reporting. Plus, independent assurance can add real value to the information that is reported. Legislators recognize this too. In their commitment to reporting to the public on nationally comparable key health indicators, First Ministers from across Canada also committed to including third-party verification as part of their reports. Legislative auditors (including our Office) provided this assurance. For more information on the British Columbia health indicators report, see <http://www.healthplanning.gov.bc.ca/cpa/publications/how_healthy_sept2002.pdf> or Appendix C of this report.

Closer to home, members of the Public Accounts Committee have endorsed the principle of independent assurance. I provided just such assurance recently in the report of the Public Guardian and Trustee (PGT). On the principle related to reliability, I concluded that the PGT is moving in the right direction towards ensuring a reasonable degree of reliability for the data reported, although controls need to be strengthened. For more information on the PGT audit, see <http://www.bcauditor.com/AuditorGeneral.htm> or Appendix D of this report.

Looking Forward

I'm pleased to see the commitment shown by government to provide meaningful performance reporting. The joint effort between my Office and the central agencies of government to reach consensus on reporting principles for British Columbia is one example of that commitment.

Government has also increased the scrutiny by elected officials of ministry performance reporting by requiring the Government Caucus Committees to review ministry service plans. Similarly, the Select Standing Committee on Crown Corporations is mandated to review the Crown corporation service plans and reports. I view scrutiny by legislators of government's plans and reports as a critical element in the accountability of government to the public.

The creation of the BC Progress Board to advise and report on British Columbia's economic progress over time is another indication that government is committed to monitoring and reporting on its performance. To date, the board has produced two reports outlining the province's progress in meeting 6 core targets and 20 specific indicators. (For a copy of the board's reports, see <http://www.bcprogressboard.com/news.html>.)

Adding Credibility: Providing Assurance on Reliability

The review of annual reports offers one way to gauge the overall quality of the government's performance reporting. But it does not address a key principle of good public performance reporting: that is, whether the information is reliable. Why? Because including this would have required a much more resource-intensive approach. Moreover, we don't believe that the reports have reached the stage of development where this level of scrutiny would have been useful.

Nevertheless, credible information is unquestionably at the heart of good performance reporting. Plus, independent assurance can add real value to the information that is reported. Legislators recognize this too. In their commitment to reporting to the public on nationally comparable key health indicators, First Ministers from across Canada also committed to including third-party verification as part of their reports. Legislative auditors (including our Office) provided this assurance. For more information on the British Columbia health indicators report, see <http://www.healthplanning.gov.bc.ca/cpe/publications/how_healthy_sept2002.pdf> at Appendix C of this report.

Closer to home, members of the Public Accounts Committee have endorsed the principle of independent assurance. I provided just such assurance recently in the report of the Public Guardian and Trustee (PGT). On the principle related to reliability, I concluded that the PGT is moving in the right direction towards ensuring a reasonable degree of reliability for the data reported, although controls need to be strengthened. For more information on the PGT audit, see <http://www.bcauditor.com/AuditorGeneral.htm> at Appendix D of this report.

Looking Forward

I'm pleased to see the commitment shown by government to provide meaningful performance reporting. The joint effort between my Office and the central agencies of government to reach consensus on reporting principles for British Columbia is one example of that commitment.

Government has also increased the scrutiny by elected officials of ministry performance reporting by requiring the Government Caucus Committees to review ministry service plans. Similarly, the Select Standing Committee on Crown Corporations is mandated to review the Crown corporation service plans and reports. I view scrutiny by legislators of government's plans and reports as a critical element in the accountability of government to the public.

The creation of the BC Progress Board to advise and report on British Columbia's economic progress over time is another indication that government is committed to monitoring and reporting on its performance. To date, the board has produced two reports outlining the province's progress in meeting 8 core targets and 20 specific indicators. (For a copy of the board's reports, see <http://www.bcprogressboard.com/news.html>.)

There are all clear signs, it seems to me, of government's commitment to public performance reporting. Given this, I fully expect the annual reports to improve greatly over the next few years, particularly as government entities develop their capacity to both manage for results and report on their performance. Currently many of the 2002/03 service plans we read were more informative than the 2001/02 performance plans. I expect these improvements will be reflected in the 2002/03 annual reports.

Expectations and Commitments

Although it is my usual practice to include in my reports recommendations for improvement, I have declined to do so for this review. I believe that the path to improvement, albeit challenging, is fairly clear. I encourage—indeed challenge—government organizations to do what they can to reflect good performance reporting principles in their annual reports. I especially urge the leaders of government to do this, and I will do the same.

To help organizations improve their reporting, I invite them to contact my Office for our detailed assessments of their 2001/02 reports. Next year, I will again provide the Legislative Assembly with an assessment of the quality of government's annual reports and, for the first time, report publicly my assessment of each one. In the interim, I will continue to work with government and legislators to reach consensus on public performance reporting principles and to develop an assurance program for the British Columbia public sector. As well, I intend to take a closer look at how government is developing its capacity to actually manage for and report on results.

Detailed Report

Our Objective and Approach

Annual reports have the potential to be a key means of demonstrating a government's transparency and accountability. Until recently, however, such reports received little attention from either those who prepared them (government organizations) or those they were meant to serve (legislators, the public and other stakeholders). In many respects, it was a self-perpetuating circle. Annual reports weren't meaningful and therefore they weren't used; they weren't used and therefore they weren't meaningful.

This is all beginning to change. In recent years, the public—and those who represent them—have demanded greater openness and transparency from their governments. The electorate is educated, informed and interested in knowing about the business of government. They want to know how decisions are made and what the impact of those decisions has been.

And legislators have been listening.

In 2000, the Legislative Assembly of British Columbia passed the Budget Transparency and Accountability Act, making the preparation of annual reports (and the plans that support them) a priority of government. We applauded that significant step, and since then have been monitoring efforts in this initiative. Last year, we carried out the first of our assessments of government's annual performance reports. This year, we decided to assess a full range of 2001/02 annual reports to answer questions we had about their overall quality. What standard of reporting are the annual reports meeting? And are the reports truly informative?

In all, we assessed the 2001/02 annual reports of 40 government organizations (all 20 of the ministries, 18 of the Crown corporations, government as a whole and the Office of the Premier)—twice the number of organizations we reviewed last year. (See Appendix B for a complete list of the organizations we reviewed). Unlike last year, we focused this time only on annual reports—government's key accountability reports. Our review of plans (the 2001/02 performance plans and the 2002/05 service plans) was limited to determining whether linkages to them were made in the annual reports.

We carried out a general review rather than an audit and did not include an assessment of the relevance or reliability of the data (as discussed in the topic box on page 6, "Adding Credibility: Providing Assurance on Reliability").

Our Objective and Approach

Following our assessment last year of government's plans and annual reports, a concern was voiced that we had "raised the bar" too high, setting unreasonable expectations. To address that concern in this year's review, we devised a methodology that focuses on an organization's stage of development in reflecting principles of good performance reporting. The principles we used for this assessment are those proposed by the CCAF~FCVI Inc., a national, non-profit research and education foundation, in consultation with legislators, senior government managers and legislative auditors from across Canada. Those principles are also the starting point for government and my Office as we work towards reaching consensus on a set of reporting principles for the province's public sector (see topic box, "Reporting Principles and Assurance Program for British Columbia"). However, the British Columbia principles had not advanced sufficiently that we could use them in our review. Hence, we relied on the principles emerging at the national level.

Reporting Principles and Assurance Program for British Columbia

In July 2002, a steering committee was struck to seek consensus on a set of reporting principles and to develop an assurance program for the British Columbia public sector. Comprising senior officials from government and the Auditor General's office, the committee was established in response to two key recommendations of the Public Accounts Committee (PAC)—recommendations that arose out of the PAC's deliberations on the Auditor General's 2001 *Building Better Reports: Public Performance Reporting Practices in British Columbia*.

Reporting Principles for British Columbia—In keeping with direction from the PAC, the steering committee has studied performance reporting principles and practices from various jurisdictions. Taking as its starting point the national reporting principles of the CCAF, the committee is building on this effort, ensuring that what is developed for British Columbia reflects good practice. Overlaying its work are the accountability provisions of the Budget Transparency and Accountability Act. When this work is done, the committee will have identified performance reporting principles for British Columbia as well as self-assessment criteria for each principle—a series of questions that can serve as a tool for assessing and improving the quality of performance reporting.

Assurance Program for British Columbia—The PAC endorsed the principle of independent assurance, a process for judging the credibility of performance information. This is a relatively new area of audit work. Consequently, the committee recommended that an assurance program be developed for British Columbia and suggested the use of pilot projects to help in the design of the program. This work is in the early stages.

Members of the steering committee are committed to working together to achieve a common goal and, to date, they have attained a high degree of consensus. A report on their progress will be presented to the PAC in early 2003.

Our Objective and Approach

Following our assessment last year of government's plans and annual reports, a concern was voiced that we had "raised the bar" too high, setting unreasonable expectations. To address that concern in this year's review, we devised a methodology that focuses on an organization's stage of development in reflecting principles of good performance reporting. The principles we used for this assessment are those proposed by the CCAF~FCVI Inc., a national, non-profit research and education foundation, in consultation with legislators, senior government managers and legislative auditors from across Canada. Those principles are also the starting point for government and my Office as we work towards reaching consensus on a set of reporting principles for the province's public sector (see topic box, "Reporting Principles and Assurance Program for British Columbia"). However, the British Columbia principles had not advanced sufficiently that we could use them in our review. Hence, we relied on the principles emerging at the national level.

Reporting Principles and Assurance Program for British Columbia

In July 2002, a steering committee was struck to seek consensus on a set of reporting principles and to develop an assurance program for the British Columbia public sector. Comprising senior officials from government and the Auditor General's office, the committee was established in response to two key recommendations of the Public Accounts Committee (PAC)—recommendations that arose out of the PAC's deliberations on the Auditor General's 2001 *Building Better Reports: Public Performance Reporting Practices in British Columbia*.

Reporting Principles for British Columbia—In keeping with direction from the PAC, the steering committee has studied performance reporting principles and practices from various jurisdictions. Taking as its starting point the national reporting principles of the CCAF, the committee is building on this effort, ensuring that what is developed for British Columbia reflects good practice. Overlaying its work are the accountability provisions of the Budget Transparency and Accountability Act. When this work is done, the committee will have identified performance reporting principles for British Columbia as well as self-assessment criteria for each principle—a series of questions that can serve as a tool for assessing and improving the quality of performance reporting.

Assurance Program for British Columbia—The PAC endorsed the principle of independent assurance, a process for judging the credibility of performance information. This is a relatively new area of audit work. Consequently, the committee recommended that an assurance program be developed for British Columbia and suggested the use of pilot projects to help in the design of the program. This work is in the early stages.

Members of the steering committee are committed to working together to achieve a common goal and, to date, they have attained a high degree of consensus. A report on their progress will be presented to the PAC in early 2003.

The other key aspect of our methodology, the learning model, includes four stages of development: Start-up, In Process, Fundamentals in Place, and Fully Incorporated. (See Appendix A for details on this approach.)

This approach establishes a baseline that will allow us to report on how British Columbia's performance reports progress over time. Applied over the long term, this methodology will have several benefits.

1. It will demonstrate that not all organizations are at the same stage of development.
2. It will recognize that some principles may be easier to achieve than others.
3. It will point to areas where organizations may want to concentrate their efforts to improve their performance reporting.
4. It will allow those who report—government organizations—and those who use the reports—legislators and the public—to determine whether reports are improving over time.

We believe that government organizations interested in improving their annual reports would benefit from using this methodology to assess their own reports. They may even wish to publish the results of the assessment in their annual report next year.

We did not expect organizations to have fully incorporated all the principles of good performance reporting yet. One reason is that the principles themselves are evolving and will continue to do so as British Columbia and other jurisdictions experiment with these or similar reporting principles and practices. Another reason is that the reports this year were prepared at a time of significant restructuring and transition. Since being sworn into office in June 2001, the government has led an extensive reorganization of its ministries and agencies. And, finally, the reports we reviewed were prepared before our methodology was developed. Nonetheless, we point out that central agencies provided all organizations with reporting guidelines that were highly consistent with the reporting principles contained in our methodology. The only principle not addressed by the guidelines was the one on capacity.

This section of the report contains our findings for each of the performance reporting principles. Throughout the section, we've highlighted examples from reports we reviewed that depict each principle well.

Reports are beginning to focus on the few, critical aspects of performance

Good public performance reporting should focus on the few, critical aspects of performance. Many organizations have a wealth of information they could report, but doing so would likely overwhelm readers. Excessive detail, jargon and overly technical descriptions obscure rather than illuminate the discussion. The challenge for those who prepare performance reports is to focus on aspects that are important to the intended readers and key to helping them understand an organization's performance. To earn the reader's confidence, how and why the key performance aspects were selected for reporting should also be clearly explained.

Overall, we found that most government organizations are in the In Process stage of focusing on the few critical aspects of their performance. To advance from this stage, they need to adopt measures that are clearly focused on their goals and objectives, are linked to government's strategic plan, and include both outputs and outcomes.

Of the organizations we reviewed, we found that BC Hydro and Power Authority had gone furthest in reflecting this principle (Exhibit 2).

Exhibit 2

BC Hydro 2001/02 annual report focuses on a few critical areas of performance

BC Hydro and Power Authority has fundamentally met the principle of focusing on its few critical aspects of performance. Its 2001/02 annual report contains the corporation's critical measures of performance, including measures of financial outcomes, customer satisfaction, efficiency and capacity. Together, these measures tell the reader something about what the organization has been able to achieve in pursuing its six goals.

The corporation was able to show benchmarks and trends for many of its measures, and all of its key goals were at least partially covered by the indicators reported. It also provided clear explanations of why it chose the measures it did and what changes readers should expect in future years. We felt that the majority of the measures being reported by BC Hydro were relevant, even though some were of only short-term interest.

The corporation is continuing to review and update some of its measures to ensure that they are the best and most relevant ones.

Overall, BC Hydro's 2001/02 annual report is the most informative of the ones we reviewed and is the best example of how an organization has been able to focus on a few critical areas of importance.

This section of the report contains our findings for each of the performance reporting principles. Throughout the section, we've highlighted examples from reports we reviewed that depict each principle well.

Reports are beginning to focus on the few, critical aspects of performance

Good public performance reporting should focus on the few, critical aspects of performance. Many organizations have a wealth of information they could report, but doing so would likely overwhelm readers. Excessive detail, jargon and overly technical descriptions obscure rather than illuminate the discussion. The challenge for those who prepare performance reports is to focus on aspects that are important to the intended readers and key to helping them understand an organization's performance. To earn the reader's confidence, how and why the key performance aspects were selected for reporting should also be clearly explained.

Overall, we found that most government organizations are in the *In Process* stage of focusing on the few critical aspects of their performance. To advance from this stage, they need to adopt measures that are clearly focused on their goals and objectives, are linked to government's strategic plan, and include both outputs and outcomes.

Of the organizations we reviewed, we found that BC Hydro and Power Authority had gone furthest in reflecting this principle (Exhibit 2).

Exhibit 2

BC Hydro 2001/02 annual report focuses on a few critical areas of performance

> BC Hydro and Power Authority has fundamentally met the principle of focusing on its few critical aspects of performance. Its 2001/02 annual report contains the corporation's critical measures of performance, including measures of financial outcomes, customer satisfaction, efficiency and capacity. Together, these measures tell the reader something about what the organization has been able to achieve in pursuing its six goals.
>
> The corporation was able to show benchmarks and trends for many of its measures, and all of its key goals were at least partially covered by the indicators reported. It also provided clear explanations of why it chose its measures it did and what changes readers should expect in future years. We felt that six to nine of the measures being reported by BC Hydro were relevant, even though some were of only short-term interest.
>
> The corporation is continuing to review and update some of its measures to ensure that they are the best and most relevant ones.
>
> Overall, BC Hydro's 2001/02 annual report is the most informative of the ones we reviewed and is the best example of how an organization has been able to focus on a few critical areas of performance.

We found that most organizations provided a reasonable number of measures in their reports, although some provided many. However, we also found that many reports did not contain meaningful explanations of why the measures being reported were selected. Most organizations chose to report on the various activities undertaken during the year and milestones achieved, but not on the outcomes of those activities. While we agree that the information is important to an organization, we do not think it conveys what an organization really achieved. Knowing that a new information system was implemented on time, for example, is much less informative than knowing the impact of the system on the quality of an organization's services.

While we recognize that measuring and reporting on net value is challenging for organizations, we also believe that doing so is important for helping decision makers do their job effectively and for helping the public understand what they're getting for their tax dollars.

It will likely take time for government organizations to fully embrace this principle. Selecting the right performance measures often requires getting staff and stakeholder acceptance and developing the information to collect, analyze and report the measures. To date, few government organizations have managed to do all of this. Some have identified their key performance measures, but do not have the systems in place to collect the necessary information. For other organizations, getting upon the most appropriate measures will take several years of trial and error.

Reports are beginning to show reasonable linkages between goals and achievements

Informative public performance reporting should explain what an organization is trying to do and why. Organizations can achieve this by explaining their purposes, goals, objectives and strategies and the key business areas responsible for carrying out those strategies. Organizations should also outline the key performance measures and targets they have chosen to monitor and report on, and explain how these relate to their strategic direction. Clearly outlining performance expectations helps engender public confidence and focus management and staff on the same purposes.

An audit organization should report on the measures identified in their plans and on the extent to which they have been able to achieve their targets. The organization should explain any significant differences between planned and actual performance, and suggest how the performance plan should vary (increase) in their coming (or the subsequent annual) report. When circumstances call for a change in objectives or organization in order to be able to achieve the planned targets, the changes and reasons for them should be explained in the report.

Our review found that most of government's organizations identify relevant performance measures and targets and collect data on them. Strategic objectives are also usually identified. Explaining the linkages between these and the performance measures and targets could be improved. In most reports, the measures applied to the accomplishment of the goals and objectives identified by the organizations. Only although the linkages between the objectives and the measures could then be more explicit. Most frequently, these results could be the organizations' activities and strategies and not explained.

Making linkages clearer could help increase the usefulness of the reports. An example of an organization that could be more explicit in their annual report is the Ministry of Finance (MOF).

Exhibit 3

Ministry of Finance 2001 (2) annual report links goals with results

Business Area	Performance Measure	Published Target	Goal	Outcome	Goal Met
Treasuries of Finance and Regional Treasuries	Percentage of cases taken to court for tax evasion	100% achieved	0%	0% achieved	Page 3
Cross Fiscal Effectiveness	Percentage of MOF cases where Judge is satisfied with report	0%	0%	0% Not achieved	Page 3

Source: Adapted from the MOF's Ministry of Finance 2001 (2) Annual Report, pp. 1, 2, 3.

As well, organizations should report on the measures identified in their plans and on the extent to which they have been able to achieve their targets. The explicit link between plans and reports is a fundamental tenet of meaningful accountability reporting. Ideally, all goals, objectives, strategies and targets from the performance plan should carry forward, in their entirety, to the subsequent annual report. When circumstances such as a change in mandate force an organization to re-evaluate its priorities and amend its plans, any changes or omissions from the original plan should be explained.

Our review found that most of government's organizations clearly outlined their purpose (mandates, mission, vision and values) and their strategic direction (goals, objectives and strategies). Explaining the linkages between these and the performance measures and targets wasn't done as successfully. In most reports, the measures appeared to be independent of the goals and objectives identified by the organization. And, although the linkages between the objectives and the measures were clear in some reports, how these results were linked to the organization's activities and strategies was not explained.

Making linkages clearer, we believe, would help increase the usefulness of the reports. An example of an organization that was able to show these linkages well in its annual report is the Ministry of Forests (Exhibit 3).

Exhibit 3

Ministry of Forests 2001/02 annual report links goals with results

In its 2001/02 annual report, the Ministry of Forests clearly shows how its measures are linked to its goals and what business areas are responsible for its results. It also fully reports on the performance measures and targets it identified in its performance plan. Explanations for the results, including shortfalls, are provided later in its report. An example of this reporting is as follows:

Goal 2: A Strong Forest Economy

Business Area	Performance Measures	Published Targets	Actual	Achievement	More Info
Protection of Forest and Range Resources from Fire and Pests	Percentage of Crown forest aerial surveyed for insect infestations	100% achieved	83%	✓ Substantially	Page 33
Forest Road Infrastructure	Percentage of all Forest Service road bridges at full load capacity	83%	89%	✓✓ Over achieved	Page 34

Source: Adapted from the Ministry of Forests 2001/02 annual report, pp. 6–7.

One area in which most ministries improved from last year was in linking their goals and objectives with those of government. In fact, explaining these linkages and what the ministries had done to further government's strategies was the main focus of most of the annual reports. Each reported on its progress in meeting the "New Era" commitments and the other priorities outlined in the Premier's letters to the Ministers in July 2001. Most Crown corporations, on the other hand, did not identify how their goals and activities aligned with those of the government.

Reporting on the measures and targets identified in the 2001/02 performance plans was problematic for many government organizations, especially the ministries. With recent changes in direction, most ministries and many Crown corporations believed that their 2001/02 performance plans were no longer relevant, and that reporting on the measures and targets within them would not be informative (reasoning we agree with). Although we recognize the challenges in reporting according to expectations that are no longer relevant, we believe that more explanation for why certain measures were eliminated would have increased the credibility of the reports.

To foster public confidence, good public performance reporting also requires organizations to explain their results—both the successes and the shortfalls. As occurred last year, we found that few organizations did a good job of explaining their results. Not even one-quarter of the organizations whose annual reports we reviewed—and only one ministry—provided credible explanations for their results, particularly their shortfalls. Most provided either no explanations or only partial ones. Some of the organizations that did a good job are BC Hydro and Power Authority, BC Transit, the Insurance Corporation of British Columbia and the Ministry of Transportation.

Few reports demonstrate any linkages between resources, strategies and results

This principle suggests that, to be meaningful, reporting on performance needs to link resources to strategic choices and results. The purpose of doing this is to show clearly what degree of effort (both financial and human) an organization is devoting to each goal or objective. Ideally, organizations should also explain how resource availability influenced the selection or achievement of its goals.

At present, few good models exist for organizations to emulate. According to the CCAF, this is probably the most challenging principle to put into practice. Nevertheless, there is also emerging consensus that it is a critical component to good performance reporting. Reporting results without linking them to the resources used to achieve them tells only half the story. British Columbians want to know how well their tax dollars are being spent. They want to know what they are getting for their money.

Consequently, we believe that government organizations should be moving towards reflecting this principle in their performance reporting. At a minimum, we believe organizations should be able to report their actual expenditures against their previously established budget and to identify and explain any variance. We also think that they should begin linking their resources to some of their goals, objectives or programs.

What we found is that more than 75% of the organizations we reviewed were still in the Start-up stage of development.

All the ministries reported their actual expenditures in relation to their budget and identified variances. However, only about one-quarter of them made any attempt to explain these variances. All the Crown corporations, on the other hand, included financial statements in their reports. Most of them also provided reasonably good explanations for their financial performance, usually explaining the sources of their revenues and any key differences between their financial results last year and this year. While this style of reporting provided considerably more useful information than was included in the ministries' reports, few corporations outlined their budgets or explained variances.

We found that none of the organizations attempted to explain all of their key resource allocation decisions. However, a few did make some effort to link the resources they had to the results they achieved. Several organizations explained that they were unable to meet one or more specified performance targets because of financial constraints or restructuring. Both Tourism BC and the Legal Services Society, for example, attributed some of their shortfalls to these types of constraints.

In reading the 2002/05 service plans, we noticed some promising changes in reporting. Some of the ministries (Ministry of Sustainable Resource Management and the Ministries of Health Planning and Services, for example) have allocated their estimated expenditures according to goal and business area (Exhibit 4). We hope that these ministries will reflect these improvements in their 2002/03 annual reports.

Organizations are making progress in discussing their key risks, but few are addressing their capacity to achieve their goals

This reporting principle—presenting results in the context of risks, capacity and other factors—comprises three separate but related concepts. We found differences in the extent to which organizations had adopted each of the concepts in their reports, and we describe these differences below.

Risk

According to this emerging principle, public performance reporting should identify an organization's key risks and explain how these risks have influenced strategies, performance expectations and actual results.

> *Risk is the chance of something happening that will have an impact upon the achievement of objectives. It includes risk as both opportunity and threat.*
>
> (B.C. Ministry of Finance, Chapter 9, *General Management Operating Policy*)

Most of the annual reports we reviewed contained some information on the organizations' external operating environments. However, almost half of the ministries didn't provide any discussion on the risks or challenges they face. Also, fewer than half of all the organizations described what impact they expected from these risks and even fewer described what they planned to do, or had done, to manage them.

Exhibit 4

Ministry of Health Services plan links resources to goals and business areas

2002/03 Funding by Core Business and Ministry Goal[2] – MOHS

			$000	
Core Business	**Goal 1**	**Goal 2**	**Goal 3**	**Total**
Pharmacare	718,273			718,273
Medical Services Plan	2,517,611			2,517,611
Ambulance Services	187,566			187,566
Regional Health Sector Funding	6,041,251	296,000		6,337,251
Capital Financing	305,900			305,900
Corporate Services and Program Management			138,799	138,799
Fiscal Year 02/03	**9,770,601**	**296,000**	**138,799**	**10,205,400**

			FTE's	
Core Business	**Goal 1**	**Goal 2**	**Goal 3**	**Total**
Pharmacare				
Medical Services Plan				
Ambulance Services	1,759			1,759
Regional Health Sector Funding				
Capital Financing				
Corporate Services and Program Management			1,030	1,030
Fiscal Year 02/03	**1,759**		**1,030**	**2,789**

[2] Funding by goal was derived as follows: Goal 1–Program service delivery budgets, excluding public and preventive services; Goal 2–Public and preventive services; Goal 3–Program management budgets for all programs. A more detailed analysis of core business funding by ministry goal will be provided in future ministry service plans.

FTE by goal was derived as follows: Goal 1–Services are provided by non-government FTEs with the exception of the B.C. Ambulance Service, which provides direct services to clients; Goal 2–Services are provided by non-government FTEs; Goal 3–Direct government FTEs providing corporate services and program management functions.

Source: B.C. Ministry of Health Services Service Plan 2002/03 - 2004/05, p. 20.

We found that none of the organizations attempted to explain all of their key resource allocation decisions. However, a few did make some effort to link the resources they had to the results they achieved. Several organizations explained that they were unable to meet one or more specified performance targets because of financial constraints or restructuring. Both Tourism BC and the Legal Services Society, for example, attributed some of their shortfalls to these types of constraints.

In reading the 2002/05 service plans, we noticed some promising changes in reporting. Some of the ministries (Ministry of Sustainable Resource Management and the Ministries of Health Planning and Services, for example) have allocated their estimated expenditures according to goal and business area (Exhibit 4). We hope that these ministries will reflect these improvements in their 2002/03 annual reports.

Organizations are making progress in discussing their key risks, but few are addressing their capacity to achieve their goals

This reporting principle—presenting results in the context of risks, capacity and other factors—comprises three separate but related concepts. We found differences in the extent to which organizations had adopted each of the concepts in their reports, and we describe these differences below.

Risk

According to this emerging principle, public performance reporting should identify an organization's key risks and explain how these risks have influenced strategies, performance expectations and actual results.

Risk is the chance of something happening that will have an impact upon the achievement of objectives. It includes risk as both opportunity and threat.

(B.C. Ministry of Finance, Chapter 9, *General Management Operating Policy)*

Most of the annual reports we reviewed contained some information on the organizations' external operating environments. However, almost half of the ministries didn't provide any discussion on the risks or challenges they face. Also, fewer than half of all the organizations described what impact they expected from these risks and even fewer described what they planned to do, or had done, to manage them.

Exhibit 4

Ministry of Health Services plan links resources to goals and business areas

2002/03 Funding by Core Business and Ministry Goal[2] – MOHS

		$000		
Core Business	**Goal 1**	**Goal 2**	**Goal 3**	**Total**
Pharmacare	718,273			718,273
Medical Services Plan	2,517,611			2,517,611
Ambulance Services	187,566			187,566
Regional Health Sector Funding	6,041,251	296,000		6,337,251
Capital Financing	305,900			305,900
Corporate Services and Program Management			138,799	138,799
Fiscal Year 02/03	**9,770,601**	**296,000**	**138,799**	**10,205,400**

		FTE's		
Core Business	**Goal 1**	**Goal 2**	**Goal 3**	**Total**
Pharmacare				
Medical Services Plan				
Ambulance Services	1,759			1,759
Regional Health Sector Funding				
Capital Financing				
Corporate Services and Program Management			1,030	1,030
Fiscal Year 02/03	**1,759**		**1,030**	**2,789**

[2] Funding by goal was derived as follows: Goal 1–Program service delivery budgets, excluding public and preventive services; Goal 2–Public and preventive services; Goal 3–Program management budgets for all programs. A more detailed analysis of core business funding by ministry goal will be provided in future ministry service plans.

FTE by goal was derived as follows: Goal 1–Services are provided by non-government FTEs with the exception of the B.C. Ambulance Service, which provides direct services to clients; Goal 2–Services are provided by non-government FTEs; Goal 3–Direct government FTEs providing corporate services and program management functions.

Source: B.C. Ministry of Health Services Service Plan 2002/03 – 2004/05, p. 20

Many of the organizations provided a more thorough discussion of their risks in their service plans. We believe that this is appropriate. In the annual report, we expected organizations to summarize this discussion and update it as required, but to focus on how the risks—both expected and unexpected—have affected the results being reported. Few organizations did this. One of the better discussions on risk we reviewed was in BC Hydro's 2001/02 annual report (Exhibit 5).

The Government of British Columbia views risk management as an integral part of corporate governance. It rewrote the policy on risk management in September 2002, making each ministry or other government organization responsible for developing its own enterprise-wide risk management program. Enterprise-wide risk management is defined as a disciplined approach to managing risk exposures across the entire organization in an integrated, holistic and continuous process. Risk exposures can be viewed in terms of probabilities, impacts, and strategic, operational and financial objectives. We expect that this increased focus on risk management will also be reflected in future service plans and reports.

Capacity

Capacity refers to the capability of an organization to achieve results at a given level. "A capable organization is one that can continue to do what it does currently, and is flexible enough to do what is required in the future."

(State Services Commission, *Measuring Human Resource Capability*, Occasional Paper #13, Wellington, New Zealand, August 1999, p. 8.)

The extent to which an organization achieves its intended results is heavily dependent on its capacity to do so—that is, its leadership, people, tangible assets, technology, policies and processes, relationships and financial resources. As with risk, there is more than one way to report on capacity. An organization could integrate this information throughout the report or it could devote a section to the topic. If there are no capacity considerations that readers need to understand to properly appreciate the organization's performance, a management representation to this effect may suffice.

Very few of the ministries and Crown corporations we reviewed reported on their capacity to meet their goals and objectives. Most of the organizations reported only on the number of full-time equivalents under their employ. A few went further and provided performance measures related to leadership, training, information systems and financial resources. One organization we found that reported well on capacity was BC Hydro. Its 2001/02 annual report not only provided capacity

Exhibit 5

Reporting Risks at BC Hydro and Power Authority

In its 2001/02 annual report, BC Hydro and Power Authority describes its key financial risks in its Management Discussion and Analysis section and outlines its ongoing risk management strategy. One of the risks faced by BC Hydro is the level of water inflows into its reservoirs. The corporation describes this risk as follows:

Business Risks and Uncertainties

BC Hydro is subject to various risks and uncertainties that cause significant volatility in its earnings. Factors such as the level of water inflows into its reservoirs, market prices for electricity and natural gas, interest rates, foreign exchange rates, weather and regulatory and government policies influence both the operation of the BC Hydro system and its earnings. While these risks cannot be eliminated, as they are largely non-controllable, some may be mitigated to a certain degree. The key risks and uncertainties BC Hydro faces include:

1. Water inflows into reservoirs and impact on hydro generation

BC Hydro's net income is significantly influenced by the level of water inflows into its reservoirs. High levels of water inflows into BC Hydro's reservoirs allow for a greater proportion of energy demand to be met using low-cost hydro generation in place of higher-priced energy purchases, thereby reducing the cost of energy and increasing net income. The unit cost of energy purchases in Fiscal 2002 was on average more than 25 times greater than the variable unit cost of hydro generation. High inflows can also create surplus energy not required to meet domestic demand. This energy can be sold at favourable profit margins on the electricity trade market. As the amount of inflows can fluctuate significantly from year to year, BC Hydro faces challenges in operating its system to try to minimize the impact of low water years on net income. BC Hydro continues to optimize energy management through the appropriate mix of self-generation and energy imports, depending on water inflows and fluctuating economic and market conditions.

How this risk affected the corporation in 2001/02 is reported as follows:

A decrease in hydro generation and corresponding increase in the total volume of electricity and gas purchases

The availability of low-cost hydro generation has a significant impact on energy costs. The variable cost of hydro generation is substantially less than the cost of electricity purchases or natural gas purchases, used primarily for the operation of the Burrard Generating Station. Hydro generation declined by 1.2 per cent this year, mainly due to a reduction in the level water inflows into BC Hydro's reservoirs. Water inflows were 88 per cent of normal this year compared to 97 per cent of normal in the prior year, necessitating an increase in energy purchases to meet demand. The lower than normal reservoir levels at the start of the year also contributed to the increase in energy purchases. Reservoir levels at the end of this year, while still below normal levels, are higher than at the end of the prior year.

The lower level of water inflows during the year contributed to BC Hydro being in a net import position of approximately 5,200 GW-h for the year compared to a net import position of approximately 1,700 GW-h in the prior year. Imports, when economic, are used to supplement BC Hydro generation in meeting domestic load requirements and are also used for future resale in the electricity trade market. Approximately 2,000 GW-h of the net imports in Fiscal 2002 will be used for resale in future periods.

Source: 2001/02 Annual Report of BC Hydro and Power Authority, pp. 14-24.

Many of the organizations provided a more thorough discussion of their risks in their service plans. We believe that this is appropriate. In the annual report, we expected organizations to summarize this discussion and update it as required, but to focus on how the risks—both expected and unexpected—have affected the results being reported. Few organizations did this. One of the better discussions on risk we reviewed was in BC Hydro's 2001/02 annual report (Exhibit 7).

The Government of British Columbia views risk management as an integral part of corporate governance. It rewrote the policy on risk management in September 2002, making each ministry or other government organization responsible for developing its own enterprise-wide risk management program. Enterprise-wide risk management is defined as a disciplined approach to managing risk exposures across the entire organization in an integrated, holistic and continuous process. Risk exposures can be viewed in terms of probabilities, impacts, and strategic, operational and financial objectives. We expect that this increased focus on risk management will also be reflected in future service plans and reports.

Capacity

Capacity refers to the capability of an organization to achieve results at a given level. "A capable organization is one that can continue to do what it does currently, and is flexible enough to do what is required in the future."

(State Services Commission, Measuring Human Resource Capability, Occasional Paper #13, Wellington, New Zealand, August 1999, p. 8.)

The extent to which an organization achieves its intended results is heavily dependent on its capacity to do so—that is, its leadership, people, tangible assets, technology, policies and processes, relationships and financial resources. As with risk, there is more than one way to report on capacity. An organization could integrate this information throughout the report or it could devote a section to the topic. If there are no capacity considerations that readers need to understand to properly appreciate the organization's performance, a management representation to this effect may suffice.

Very few of the ministries and Crown corporations we reviewed reported on their capacity to meet their goals and objectives. Most of the organizations reported only on the number of full-time equivalents under their employ. A few went further and provided performance measures related to leadership, training, information systems and financial resources. One organization we found that reported well on capacity was BC Hydro. Its 2001/02 annual report not only provided capacity

Exhibit 3

Reporting Risks at BC Hydro and Power Authority

In its 2001/02 annual report, BC Hydro and Power Authority describes its key financial risks in its Management Discussion and Analysis section and outlines its ongoing risk management strategy. One of the risks faced by BC Hydro is the level of water inflows into its reservoirs. The corporation describes this risk as follows:

Business Risks and Uncertainties

BC Hydro is subject to various risks and uncertainties that cause significant volatility in its earnings. Factors such as the level of water inflows into its reservoirs, market prices for electricity and natural gas, interest rates, foreign exchange rates, weather and regulatory and government policies influence both the operation of the BC Hydro system and its earnings. While these risks cannot be eliminated, as they are largely non-controllable, some may be mitigated to a certain degree. The key risks and uncertainties BC Hydro faces include:

1. **Water inflows into reservoirs and impact on hydro generation**

BC Hydro's net income is significantly influenced by the level of water inflows into its reservoirs. High levels of water inflows into BC Hydro's reservoirs allow for a greater proportion of energy demand to be met using low-cost hydro generation in place of higher-priced energy purchases, thereby reducing the cost of energy and increasing net income. The unit cost of energy purchases in Fiscal 2002 was on average more than 10 times greater than the variable unit cost of hydro generation. High inflows can also create surplus energy not required to meet domestic demand. This energy can be sold at favourable profit margins on the electricity trade market. As the amount of inflows can fluctuate significantly from year to year, BC Hydro faces challenges in operating its system so as to minimize the impact of low water years on net income. BC Hydro continues to optimize energy management through the appropriate mix of self-generation and energy imports, depending on water inflows and fluctuating economic and market conditions.

How the risk affected the corporation in 2001/02 is reported as follows:

A decrease in hydro generation and corresponding increase in the total volume of electricity and gas purchases

The availability of low-cost hydro generation has a significant impact on energy costs. The variable cost of hydro generation is substantially less than the cost of electricity purchases or natural gas purchases used primarily for the operation of the Burrard Generating Station. Hydro generation declined by 12 per cent this year, mainly due to a reduction in the level water inflows into BC Hydro's reservoirs. Water inflows were 86 per cent of normal this year compared to 97 per cent of normal in the prior year, necessitating an increase in energy purchases to meet demand. The lower than normal reservoir levels at the start of the year also contributed to the increase in energy purchases. Reservoir levels at the end of this year, while still below normal levels, are higher than at the end of the prior year.

The lower level of water inflows during the year contributed to BC Hydro being in a net import position of approximately 1,000 GW.h for the year compared to a net import position of approximately 1,700 GW.h in the prior year. Imports, when economic, are used to supplement BC Hydro generation in meeting domestic load requirements and are also used for future resale in the electricity trade market. Approximately 2,000 GW.h of the net imports in Fiscal 2002 will be used for resale in future periods.

performance measures (such as leadership, employee development and information technology), and is also included financial sustainability and generating capacity.

What if the reporter was reviewed did not answer the key question: Does the organization have the capacity it needs to meet its objectives? To answer this question, an organization needs to provide important, external information. A good example of this kind of report is the 2001/02 annual report of the Public Guardian and Trustee Portfolio.

It was not surprising to us that most reporters did not fully reflected the principle of capacity in their reporting. Reporting on organizational capacity is not a simple undertaking. There is no widespread agreement about how capacity should be assessed, measured or reported on. This perhaps explains why the reporting guidelines provided by Treasury Board Staff and the Crown Agencies Secretariat did not address the issue of capacity.

Over time, however, the situation will change as[7] as believe organizations should be able to identify the dimensions of capacity that are key to their mission, goals or objectives, discuss the capacity challenges they've encountered or expect to encounter in the future, describe the strategies they've used or will use to manage their capacity, and describe the impacts of these strategies (success

Other critical factors

Government organizations should report any factor that may have a significant effect on their performance, such as the actions of another organization. Increasingly, a government objective can be achieved through collaborative and cooperative arrangements with other organizations, both within and outside the public sector. Reporting should help readers understand what the reporting organization contributed to the over achievements, as well as what role other organizations or partners played.

We found that most of British Columbia's ministries and Crown corporations reported on the importance of various stakeholders and partners, but not in terms of how they influenced ministry and corporation achievements.

Exhibit 9

Reporting capacity issues in the 2001-02 annual report of the Public Guardian and Trustee

The 2001-02 annual report of the Public Guardian and Trustee (PGT) contains a section that outlines the organization's capacity to manage its workload and the issues it is facing. The section reads:

Following Organizational Capacity Limitations

Despite the organization's efforts to meet the organizational capacity of the PGT's case load performance ranges set out above, there remain limitations to the PGT's ability to meet its mandate.

The PGT has been operating for a historical number of years without adequate financial support and is not able to meet its public mandate. Additionally, program has been established for 1999-2000. Its base has not been adjusted to meet its mandate. Most of its personnel costs. However, the PGT's ability to meet its mandate is not limited to its financial resources. The PGT has been working to maintain a high level of service delivery to its clients and beneficiaries.

Source: 2001-2002 Annual Report of the Public Guardian and Trustee, p. 17

Organizations still need to determine the likelihood of their efforts to improve can also undercut the helping readers understand their performance.

Many Crown corporations, but few ministries, are integrating comparative information into their reports

Performance information is made much more meaningful when it is put into context. Besides comparing results to previously established goals, it is helpful to compare results to how good and expected future performance and to the performance of similar organizations or industry benchmarks. Comparing current performance to that in previous years shows whether performance is stable, improving or deteriorating. Comparing results to benchmarks can help the reader understand the reasonableness of the results and whether there is room for improvement.

Exhibit 6

Reporting capacity issues in the 2001/02 annual report of the Public Guardian and Trustee

The 2001/02 annual report of the Public Guardian and Trustee (PGT) contains a section that outlines the organization's capacity, its strategy for managing these risks and the impact of its capacity limitations. That section reads:

Addressing Organizational Capacity Limitations

Despite the risk mitigation activities outlined above, the organizational capacity of the PGT to meet future performance targets and address other service delivery issues is in question.

The PGT has been operating from a historical position of chronic backlogs and service pressures. Several projects have been undertaken in the last year to address this issue. Additionally, projects have been identified for 2002–2003. As these one time projects are completed and the backlogs reduced, there are permanent gains. However, new service standards and expectations are created as a result of addressing the backlogs and this means the PGT must continue to meet the new standards, once established. This results in the reallocation of resources from backlog reduction to maintenance of new modern service standards.

Capacity limitations of the PGT have needed to be addressed in the past year by prioritizing so that the most crucial services could still be delivered. It is anticipated that the effects of limited funding and the depth of historic service pressures will continue to influence the ability of the PGT to address service levels and service backlogs.

Source: 2001–2002 Annual Report of the Public Guardian and Trustee, p. 27

Organizations will need to determine for themselves what other factors are also critical for helping readers understand their performance.

Many Crown corporations, but few ministries, are integrating comparative information into their reports

Performance information is made much more meaningful when it is put into context. Besides comparing results to previously established goals, it is helpful to compare results to both past and expected future performance and to the performance of similar organizations or industry benchmarks. Comparing current performance to that in previous years shows whether performance is stable, improving or deteriorating. Comparing results to benchmarks can help the reader understand the reasonableness of the results and whether there is room for improvement.

Overall, we found that the organizations we reviewed are in the process of reflecting this principle in their performance reporting and generally are at about the same stage of using comparative information as they were last year. Those organizations whose 2001/02 annual reports did provide both long-term trends and at least some benchmarks were BC Hydro and Power Authority (see Exhibit 7), the Insurance Corporation of British Columbia, BC Transit, the Ministry of Health Services, BC Assessment Authority and Tourism BC.

Most of the annual reports we reviewed had some trend information—and those of most of the Crown corporations had good financial trend information. However, fewer than a quarter of the reports we reviewed provided longer trends for the majority of their performance measures.

We also found that only about one-third of the reports we reviewed provided any benchmarks against which their results could be compared. We recognize that it will take some time before good benchmarks are available for most government organizations. A few organizations reported having conducted extensive bench-

Exhibit 7

BC Hydro 2001/02 annual report provides good trend information and good benchmarks

The 2001/02 annual report for BC Hydro and Power Authority included several measures with both three-year trends and benchmarks. An example of one of these measures is duplicated below. The benchmark is provided in the last paragraph.

Average system availability index (ASAI)

	Actual	Target
01/02	**99.959%**	99.973%
00/01	99.972%	99.972%
99/00	99.974%	99.970%

ASAI is the percentage of total time that power was available to customers calculated on a rolling twelve-month-average basis. This measure is a standard indicator of reliability of service for the electrical utility industry.

ASAI was heavily impacted by the December 14-16, 2001 windstorm that hit the Lower Mainland and Vancouver Island regions. The three-day storm accounted for 36 per cent of total customer-hours lost during the 12-month period. Other major events included the May 28, 2001 windstorm that affected almost the entire province and the October 22-23, 2001 windstorm in the Lower Mainland and Vancouver Island regions. Excluding the impacts of the December storm, ASAI would have been on target at 99.974 per cent.

Even with these adverse weather events, BC Hydro still achieved the results on par with the Canadian Electricity Association's composite results (99.963 per cent) for calendar 2000 (the latest available results).

Source: 2001/02 Annual Report of BC Hydro and Power Authority, p. 28

Overall, we found that the organizations we reviewed are in the process of reflecting this principle in their performance reporting and generally are at about the same stage of using comparative information as they were last year. Those organizations whose 2001/02 annual reports did provide both long-term trends and at least some benchmarks were BC Hydro and Power Authority (see Exhibit 7), the Insurance Corporation of British Columbia, BC Transit, the Ministry of Health Services, BC Assessment Authority and Tourism BC.

Most of the annual reports we reviewed had some trend information—and those of most of the Crown corporations had good financial trend information. However, fewer than a quarter of the reports we reviewed provided longer trends for the majority of their performance measures.

We also found that only about one-third of the reports we reviewed provided any benchmarks against which their results could be compared. We recognize that it will take some time before good benchmarks are available for most government organizations. A few organizations reported having conducted extensive bench-

Exhibit 7

BC Hydro 2001/02 annual report provides good trend information and good benchmarks

The 2001/02 annual report for BC Hydro and Power Authority included several measures with both three-year trends and benchmarks. An example of one of these measures is duplicated below. The benchmark is provided in the last paragraph.

Average system availability index (ASAI)

	Actual	Target
01/02	**99.959%**	99.973%
00/01	99.972%	99.972%
99/00	99.974%	99.970%

ASAI is the percentage of total time that power was available to customers calculated on a rolling twelve-month-average basis. This measure is a standard indicator of reliability of service for the electrical utility industry.

ASAI was heavily impacted by the December 14-16, 2001 windstorm that hit the Lower Mainland and Vancouver Island regions. The three-day storm accounted for 36 per cent of total customer-hours lost during the 12-month period. Other major events included the May 28, 2001 windstorm that affected almost the entire province and the October 22-23, 2001 windstorm in the Lower Mainland and Vancouver Island regions. Excluding the impacts of the December storm, ASAI would have been on target at 99.974 per cent.

Even with these adverse weather events, BC Hydro still achieved the results on par with the Canadian Electricity Association's composite results (99.963 per cent) for calendar 2000 (the latest available results).

Source: 2001/02 Annual Report of BC Hydro and Power Authority, p. 49.

marking, but they didn't report the results of that work. We believe such information should be provided whenever possible because it strengthens the usefulness of reports and makes them more meaningful.

Comparative information not only serves accountability purposes; it is also a useful management tool. Organizations can learn from reviewing their trends and benchmarks, and can adjust their performance targets to reflect this knowledge. In our review of the 2001/02 annual reports, we didn't see much evidence of this being done yet. However, it is quite possible that organizations are making use of this information, but simply not reporting it.

Few organizations disclose key reporting judgements

This last principle suggests that organizations should briefly explain the key judgments that have shaped their reports, such as why they chose the performance measures and targets they did. Doing so helps build confidence in what is being reported.

Organizations should also explain the reason for changes in measuring and reporting. Change is constant and unavoidable for government organizations. In most cases, changes in reporting result from a genuine desire to improve the quality of the reporting or from a change in the strategic direction of the organization. However, without explanations for these changes, some readers might wonder if certain performance measures have been dropped and others added to make the organization's performance look better. Candid explanations for these changes will go a long way toward convincing these readers of the legitimacy of the changes.

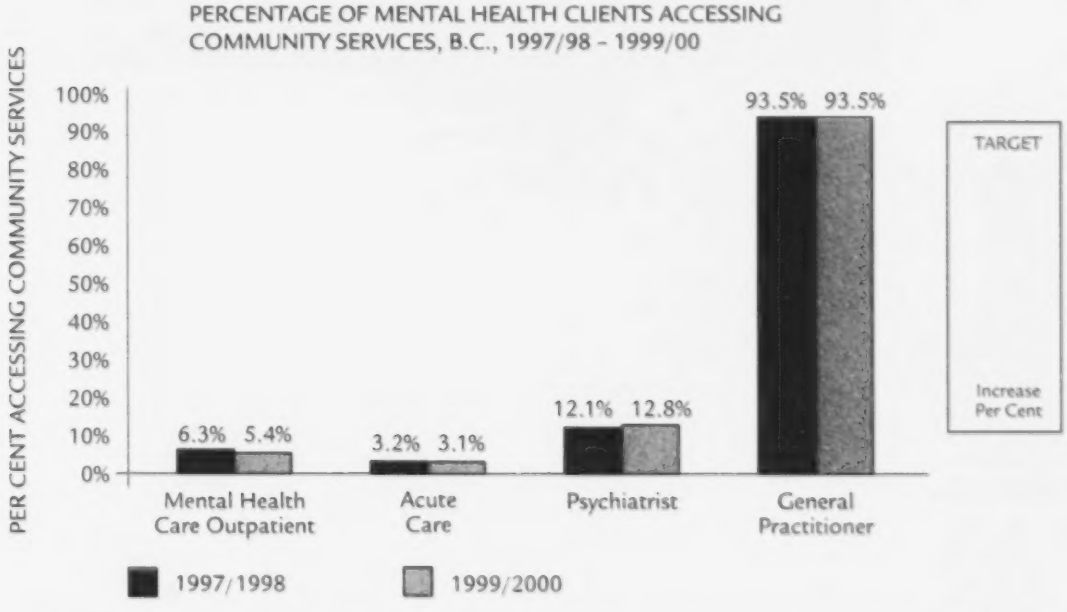
None of the organizations we reviewed have gone beyond the In Process stage of disclosing key reporting judgements. Few organizations provided good explanations of why they chose the performance measures and targets they did or how those measures and targets were calculated. Although almost all of the organizations had experienced significant changes in the way they were reporting their performance, only about one in five explained why these changes were made. All of the ministries provided the same general explanation about the 2001/02 transition year, but this explanation did not clarify why specific measures were dropped and others added.

Information concerning the sources and reliability of key data is also important so that readers can place appropriate confidence in the information they receive. Only about one-third of the annual reports identified sources for at least some of the data they provided. Exhibit 8 shows a good example from the Ministry of Health Services of how source material could be included.

Only about 1 in 10 of the organizations we reviewed provided any discussion on the reliability of the data being presented. A few organizations reported that their data was reliable, but did not explain how they knew this to be the case. A good example of disclosing management's assessment of the reliability of data can be found in the Public Guardian and Trustee 2001/02 annual

Exhibit 8

Ministry of Health Services 2001/02 annual report provides data sources



Source: MSP Claims Database, Mental Health Data Warehouse, Client/Patient Information Management (CPIM) System, Discharge Abstract Database, Information Support

Source: Ministry of Health Services 2001/02 Annual Report, p. 38.

report (Exhibit 9). We were also impressed to see the early efforts by the Ministry of Management Services in including detailed information about each of the performance measures it plans to cover in its 2002/03 annual report. For each measure, the ministry

Exhibit 9

The Public Guardian and Trustee 2001/02 annual report discloses key reporting judgements

Reliability of Data

Management believes the reliability of the data used for performance measurement in this report is generally high but some variation in reliability does exist.

PGT senior management were asked to categorize the reliability of the data used in the 2001/2002 PGT performance measurement using the following three categories:

Generally data was categorized as reliable or highly reliable.

Highly Reliable	Reliable	Somewhat Reliable
■ information from a third party	■ falls in between the above two definitions	■ information based on highly selective sampling
■ objectively verifiable		■ very modest data (small amount) on which to extrapolate results
■ milestones		■ information from a third party that cannot be verified.

Third party data verification presents a challenge. However, the PGT reviewed and verified third party data produced by the Ombudsman's office, one third party source. When the Office of the Ombudsman reported that there were no substantiated complaints made against the PGT, the PGT reviewed the individual cases to determine whether any internal PGT practices had changed despite the Ombudsman reporting that the complaints were unsubstantiated. Substantiated complaints are those that the Ombudsman's Office has investigated and has recommendations/findings for the PGT to action.

As an additional data reliability check, PGT internal summary data was reviewed on a quarterly basis and also on an ad hoc basis when required throughout 2001/02.

Limitations in Computerized Performance Information

The limited availability of computerized summary reports of performance results presented a major challenge for the PGT. Only certain types of information were able to be tracked in, or reported on, using COMET, the current trust accounting system or through other computer applications used by the PGT. Much data collection was done manually and required tools to be developed for tracking and reporting purposes. This was a fairly labor intensive process. Over time, the PGT intends to increase the use of automated performance reports where applicable.

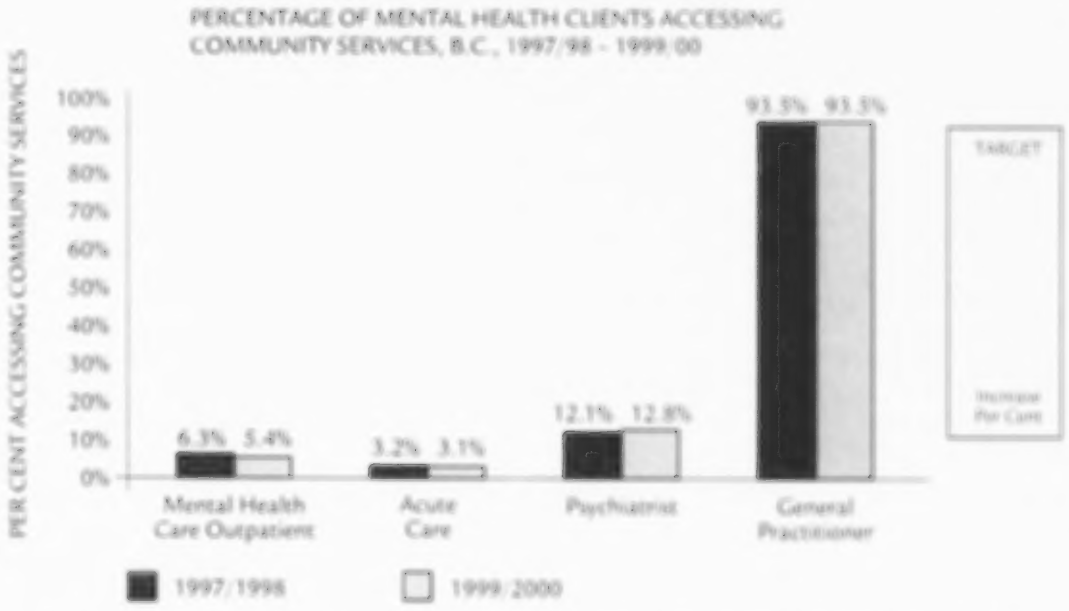
Source: 2001/2002 Annual Report of the Public Guardian and Trustee, pp. 32-33

Information concerning the sources and reliability of key data is also important so that readers can place appropriate confidence in the information they receive. Only about one-third of the annual reports identified sources for at least some of the data they provided. Exhibit 8 shows a good example from the Ministry of Health Services of how source material could be included.

Only about 1 in 10 of the organizations we reviewed provided any discussion on the reliability of the data being presented. A few organizations reported that their data was reliable, but did not explain how they knew this to be the case. A good example of disclosing management's assessment of the reliability of data can be found in the Public Guardian and Trustee 2001/02 annual

Exhibit 8

Ministry of Health Services 2001/02 annual report provides data sources



Source: MSP Claims Database, Mental Health Data Warehouse, Client Patient Information Management (CPIM) System, Discharge Abstract Database, Information Support

Source: Ministry of Health Services 2001/02 Annual Report, p. 16.

report (Exhibit 9). We were also impressed to see the early efforts by the Ministry of Management Services in including detailed information about each of the performance measures it plans to cover in its 2002/03 annual report. For each measure, the ministry

Exhibit 9

The Public Guardian and Trustee 2001/02 annual report discloses key reporting judgements

Reliability of Data

Management believes the reliability of the data used for performance measurement in this report is generally high but some variation in reliability does exist.

PGT senior management were asked to categorize the reliability of the data used in the 2001/2002 PGT performance measurement using the following three categories.

Generally data was categorized as reliable or highly reliable.

Highly Reliable	Reliable	Somewhat Reliable
• information from a third party	• falls in between the above two definitions	• information based on highly selective sampling
• objectively verifiable		• very modest data (small amount) on which to extrapolate results
• milestones		• information from a third party that cannot be verified

Third party data verification presents a challenge. However, the PGT reviewed and verified third party data produced by the Ombudsman's office, one third party source. When the Office of the Ombudsman reported that there were no substantiated complaints made against the PGT, the PGT reviewed the individual cases to determine whether any internal PGT practices had changed despite the Ombudsman reporting that the complaints were unsubstantiated. Substantiated complaints are those that the Ombudsman's Office has investigated and has recommendations/findings for the PGT to action.

As an additional data reliability check, PGT internal summary data was reviewed on a quarterly basis and also on an ad hoc basis when required throughout 2001/02.

Limitations in Computerized Performance Information

The limited availability of computerized summary reports of performance results presented a major challenge for the PGT. Only certain types of information were able to be tracked in, or reported on, using CORET, the current in-house accounting system or through other computer applications used by the PGT. Much data collection was done manually and required tools to be developed for tracking and reporting purposes. This was a fairly labour intensive process. Over time, the PGT intends to increase the use of automated performance reports where applicable.

Source: 2001/2002 Annual Report of the Public Guardian and Trustee, pp. 21-22.

intends to provide its objective, rationale and data source, as well as explanations and supporting graphics of how the measure was calculated, any limitations in the data, its verifiability, and the baseline, targets and benchmarks. The ministry's progress in this effort can be seen at <www.marr.gov.bc.ca/qpic/qp.htm>. We encourage other organizations to consider a similar approach in describing and explaining their performance reporting measures.

We expected certain entities to be leading all government organizations in the implementation of good performance reporting. However, we found that this wasn't the case.

The organizations we identified as leaders were:

- *government as a whole*, because the ministries and the Crown corporations will undoubtedly look to government's annual report as setting the standard;
- *the Ministry of Finance*, because it is responsible for producing the reporting guidelines that all ministries are expected to follow; and
- *the Office of the Premier*, because it is seen as a government leader and it includes the Crown Agencies Secretariat, which describes its role as strategically overseeing the entire system of Crown agencies in British Columbia.

Based on our assessment, the government's 2001/02 annual reports are, on average, in the 'start-up' stage of reflecting good public performance reporting principles. Because our Office has been advocating public performance reporting for some time, we decided to assess our own annual report as well. We found that our Office is also only starting to reflect good performance reporting principles in our annual report (see topic box, "The 2001/02 Annual Report of the Office of the Auditor General: How does it stand up under assessment?").

Fig. 2021 (1): Annual Report of the Office of the Auditor General: How does it match up with assessment?

Recognizing the role it is taking an example for good public performance reporting, we selected the annual report as the sole assessment we applied in three of other organizations.

In the table below, three, we set out to investigate what the principles of good reporting in our annual report. We continue to struggle to identify the "right" way to illustrate each report on. In addition, other organizations of government, we applied[1] in measure five core primary criteria and information. We used to identify these performance measures, especially for economy and efficiency.

Performance Reporting Principles

Scope of Development	Focus on the critical aspects	Linking goals and achievements	Linking resources and results	Capacity and other issues	Comparative information	Reviewing the reporting judgments
Fully Incorporated						
Fundamentals in place						
In Process		●		●		
Start-up	●		●		●	●

The most government organizations, we did something better is clearly identifying our goals and reporting our achievements in relation to the performance measures identified in our performance plan. We also explained our results, including a number of our shortfalls. However, our plan did not provide specific performance targets, making it difficult for readers to determine whether or not a result was as we or us in a plan. We also need to be more clearly explaining the linkage among our goals, objectives, strategies and measures.

Our ability to tell our resource is our results is consistent with the of other organizations. We provided audited financial statements and a management discussion and analysis of our finances. We also included an budget and annual cost and explained its variance. However, we still need to be more in touch that our resource are linked to our results. We are currently working on implementing a new system and hope it will be information to provide more comprehensive cost information and use.

We did a reasonable job of discussing some of the challenges faced by the Office, including capacity challenges that we discussed the impact of these challenges on our ability to our strategies to address them. However, we need to be clearer about whether we have the capacity we need to achieve our planned goals and objectives.

We have taken national many other organizations a providing comparative information in our report. We included one link to the use of benchmarks. We use efforts our struggle with obtaining the relevant things we could be a report on. Until we do this, we still continue to develop and report on our measures but this will make it difficult for us to show our progress.

Finally, we need to be a much better job of reviewing our the reporting judgments. We need to explain why we chose the performance measure we have and why we've made the changes we have. It we begin a report more likely we also need to provide the source of the data and a timeline our milestones in the strategy.

The 2001/02 Annual Report of the Office of the Auditor General: How does it stand up under assessment?

Recognizing our role in setting an example for good public performance reporting, we subjected our annual report to the same assessment we applied to those of other organizations.

As the table below shows, we are just starting to reflect the principles of good reporting in our annual report. We continue to struggle to identify the few critical things we should measure and report on. As did most other organizations of government, we reported on measures that were primarily outputs and milestones. We need to identify better performance measures, especially for outcomes and efficiency.

	Performance Reporting Principles					
Stage of Development	Focus on few critical aspects	Linking goals and achievements	Linking resources and results	Capacity, risk, other factors	Comparative information	Disclosing key reporting judgements
Fully Incorporated						
Fundamentals in place						
In Process		●		●		
Start-up	●		●		●	●

Like most government organizations, we did somewhat better in clearly identifying our goals and reporting our achievements in relation to the performance measures identified in our performance plan. We also explained our results, including a number of our shortfalls. However, our plan did not provide specific performance targets, making it difficult for readers to determine whether we truly achieved what we set out to achieve. We also need to do better at clearly explaining the linkages among our goals, objectives, strategies and measures.

Our ability to link our resources to our results is consistent with that of other organizations. We provided audited financial statements and a management discussion and analysis of our finances. We also included our budget and actual costs and explained the variances. However, we still need to do more to show how our resources are linked to our results. We are currently working on implementing a new project tracking system and hope to use the information to provide more comprehensive cost information next year.

We did a reasonable job of discussing some of the challenges faced by the Office, including capacity challenges. And we discussed the impacts of these challenges, as well as our strategies to address them. However, we need to be clearer about whether we have the capacity we need to achieve our planned goals and objectives.

We have fallen behind many other organizations in providing comparative information in our report. We included very little in the way of long-term trends and no benchmarks. This gap reflects our struggle with selecting the few critical things we would like to report on. Until we do this, we will continue to develop and report on new measures, but this will make it difficult for us to show any longer trends.

Finally, we need to do a much better job of disclosing our key reporting judgements. We need to explain why we chose the performance measures we have and why we've made the changes we have. As we begin to report more data, we also need to provide the source of this data and to disclose any limitations in its reliability.

Moving Forward

Next year will be the first time government's ministries and Crown corporations will be required by legislation to report on their achievements in relation to their previously established service plans. Reporting in this manner, we believe, will make next year's annual reports more robust and meaningful than in the past. Certainly, our review of the 2002/05 government strategic plan has given us reason to think that the related 2002/03 report will be of better quality than this year's, and more in keeping with the spirit of the Budget Transparency and Accountability Act and emerging performance reporting principles.

Over the longer term, making government's annual reports more meaningful will require a strong commitment by government to constantly improve its performance reporting, and the capacity to do so.

Evidence of such a commitment does exist. The steering committee created to develop reporting principles and an assurance program for British Columbia is one such example (see the topic box on page 12, "Reporting Principles and Assurance Program for British Columbia"). Government has also increased scrutiny of its service plans and reports by establishing committees to review them. To date, the Select Standing Committee on Crown Corporations has begun reviewing the Crown corporation plans and annual reports (see topic box on the following page, "Legislators Are Using the Plans and Reports of Crown Corporations"). As well, government caucus committees have reviewed the ministry service plans. We believe that this increased scrutiny by legislators will ultimately result in better quality plans and reports. Once government organizations see that their plans and reports are actually being used to inform debate and decision-making, they will want to make them more meaningful.

What isn't clear is whether government has the capacity it needs to improve its performance reporting. Although we're aware of a number of initiatives being undertaken by government to enhance its capacity to measure and report on its performance, we did not include an assessment of these initiatives in this year's review. However, over the next year or so, we intend to carry out a review to see whether government's organizations in British Columbia are developing their capacity to manage for and report on results.

Legislators Are Using the Plans and Reports of Crown Corporations

There is real incentive to improving public performance reporting when reports are used by legislators. And this is starting to happen. The Select Standing Committee on Crown Corporations, for example, is currently reviewing the service plans and annual reports submitted by government's Crown corporations.

The committee has stated that it will conduct a review of the annual reports and service plans of Crown corporations to assess how effectively they are managing their resources. The committee will also look to see if outcomes in the services plans are consistent, measurable and transparent while maintaining the integrity of government's strategy for Crown corporations and other agencies.

One of the first actions taken by the committee was the creation of a guide to help Crown corporations understand the committee's expectations, the types of information it requires, and the specific questions it intends to ask. Contained within this guide are 11 "key reporting principles" that the committee uses to assess each Crown corporation. With some exceptions, these principles are generally consistent with the principles we used to assess government's annual reports. Two additional principles we included in our review were: 1) presenting results in the context of capacity; and 2) disclosing key reporting judgements.

In October 2002, the Select Standing Committee on Crown Corporations released its report on its deliberations. The report contains the committee's observations and recommendations for the first four Crown corporations it reviewed: British Columbia Buildings Corporation, British Columbia Lottery Corporation, Tourism British Columbia and British Columbia Transit. Although most of the committee's observations are directed at service plans rather than annual reports, they are generally consistent with our findings as well.

Legislators Are Using the Plans and Reports of Crown Corporations

There is real incentive to improving public performance reporting when reports are used by legislators. And this is starting to happen. The Select Standing Committee on Crown Corporations, for example, is currently reviewing the service plans and annual reports submitted by government's Crown corporations.

The committee has stated that it will conduct a review of the annual reports and service plans of Crown corporations to assess how effectively they are managing their resources. The committee will also look to see if outcomes in the services plans are consistent, measurable and transparent while maintaining the integrity of government's strategy for Crown corporations and other agencies.

One of the first actions taken by the committee was the creation of a guide to help Crown corporations understand the committee's expectations, the types of information it requires, and the specific questions it intends to ask. Contained within this guide are 11 "key reporting principles" that the committee uses to assess each Crown corporation. With some exceptions, these principles are generally consistent with the principles we used to assess government's annual reports. Two additional principles we included in our review were: 1) presenting results in the context of capacity; and 2) disclosing key reporting judgements.

In October 2002, the Select Standing Committee on Crown Corporations released its report on its deliberations. The report contains the committee's observations and recommendations for the first four Crown corporations it reviewed: British Columbia Buildings Corporation, British Columbia Lottery Corporation, Tourism British Columbia and British Columbia Transit. Although most of the committee's observations are directed at service plans rather than annual reports, they are generally consistent with our findings as well.

Response from the Ministry of Finance and Crown Agencies Secretariat

The Ministry of Finance and the Crown Agencies Secretariat appreciate the opportunity to review Building Better Reports: Our Review of the 2001/02 Reports of Government.

As acknowledged in the report, 2001/02 was an atypical year. With the election of a new government there were extensive reorganizations, especially for ministries, and significant new policy directions. This put some limit on the extent to which the annual reports could relate back, in the normal fashion, to previous plans. The annual reports, however, provided an opportunity to set out and explain these changes and thus establish a basis for improved performance reporting as we move forward.

The work on reporting principles that the government is undertaking in consultation with the Office of the Auditor General, as noted in the report, will also contribute significantly to improved public performance reporting in British Columbia. The principles and associated criteria will help guide ministries and government organizations in strengthening their reporting, as well as contribute to an agreed-upon basis for the assessment of reports. To that end, we remain committed to undertaking a full review of the principles in co-operation with ministries and Crown corporations to ensure the result meets the objective of the exercise.

The government is strongly committed to enhanced public performance reporting through service plans and annual service plan reports, and to continuous improvement in these accountability documents.

The effort of those who prepare these reports is very much appreciated, as is the interest, encouragement and advice provided by your office.

Appendices

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Our Office developed a matrix to assess the stage of development that government organizations had reached in reflecting the CCAF's principles of good public performance reporting. The assessment matrix has two distinct features:

- It is based on the seven reporting principles developed by the CCAF, as of July 2002: (1) reliable, fair, timely, consistent, credible and useful; (2) focuses on the few, critical aspects of performance; (3) links goals and achievements; (4) links resources, strategies and results; (5) presents results in the context of capacity, risk and other factors; (6) presents comparative information; and (7) discloses key reporting judgements. The first principle was not included in this year's review of government's annual reports.
- It reflects a learning-model approach to public performance reporting. The learning model recognizes that it will take considerable time and effort for organizations to fully incorporate each of the reporting principles. The assumption is that the principles are gradually adopted over a continuum of four stages of development:
  - **Start-up:** Most criteria have not yet been met.
  - **In Process:** Many criteria have not been met, but progress is being made.
  - **Fundamentals in Place:** Most significant criteria have been met, but further improvements are needed.
  - **Fully Incorporated:** All criteria have been substantially met.

We believe that, given the necessary effort and capacity, reporting organizations can, over time, fully incorporate these performance reporting principles. We also note, however, that just as the performance reporting principles will continue to evolve, so too will our assessment matrix. We want to ensure that the matrix reflects the most current thinking when it comes to public performance reporting principles, and that it builds on the experience gained by reporting organizations. The OAG-BC assessment matrix follows.

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle 1. Reliable, fair, timely, consistent, credible and useful	Start-up	In Process	Fundamentals in Place	Fully Incorporated
Reliability. Consistent with our learning model, the primary focus of this line of inquiry is to determine the extent to which information reported by organizations is ready for external validation. Performance information that is well documented and systematically produced on a regular basis-for example, once an organization has routinely managed for results-is inherently more robust than performance information that is the product of irregular, ad hoc processes. Entities are not assessed along a development spectrum. The Budget Transparency and Accountability Act sets reporting deadlines which an organization either meets or fails to meet. The remaining qualities are assessed under other principles as follows: Areas included in the assessment of explanations for differences between planned and actual results under principle 3, and in how organizations choose to report performance under principle 7.	There is minimal documentation supporting performance information internally generated data is produced or is by products of other systems. A large amount of data is manually compiled, and data from automated systems may be subject to significant manual manipulation. The organization has not ascertained the reliability of data produced by third parties	Some documentation supporting performance information exists, but is not complete. A large amount of data is manually compiled, and data from automated systems may be subject to significant manual manipulation. The organization has not ascertained the quality of third party data.	Sufficient and appropriate documentation supporting reported performance information exists. Systems for producing data have been established and documented, although controls may not be complete. The organization has ascertained the quality of data supplied by third parties and obtained an auditor's report on the controls in place at the third party.	Sufficient and appropriate documentation supporting reported performance information exists. Internally generated data is produced by well-documented systems, and internal controls are in place and operating reasonably. The organization has ascertained the quality of data supplied by third parties and obtained an auditor's report on the controls in place at the third party.

(continued)

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Basic Set-up	In Process	Fundamentals in Place	Fully Incorporated
1. Reliable, fair, timely, consistent, credible and useful manner?				
Courtesy included in the assessment of how performance is measured and reported under principle 1?				
Currently included in the assessment of explanations for variance from budget under principle 1, in relation to the influence of external factors and third parties on the achievement of long-term outcomes under principle 1, and around the disclosure reporting reported information under principle 1?				
Fulfilled included in the assessment of how well organizations focus on the critical measures under principle 1, and how organizations present comparative historical information under principle 1				

Principle	Coverage	In Process	Fundamentals in Place	Fully Incorporated
1. Reliable, fair, timely, consistent, credible and useful Reliability: Consistent and valid learning models like primary focus of this risk of inquiry; it is important for users to obtain information reported by organizations to study for internal validation. Pertinent and information that is self-documented and systematically produced so as regular basis for instance, critical an organization currently manages its results; it is inherently basic critical how performance information that is the product of insights all the processes. Timeliness: It is not assessed during a development process for budget transparency and the consistency for use reporting deadlines which an organization relies inside or for it is to meet. The reporting systems are assessed under other principles in follows. Fairness: Included is for users' use of applications for differences between planned and actual results under principle 1). and it how organizations choose as a report performance under principle 1)	There is minimal documentation supporting performance information. Internally generated data is produced as a by-product of other systems. A large amount of data is manually compiled, and data from automated systems may be subject to significant manual manipulation. The organization has not monitored the reliability of data produced by third parties.	Some documentation supporting performance information exists, but it is not complete. A large amount of data is manually compiled, and data from automated systems may be subject to significant manual manipulation. The organization has not monitored the quality of third-party data.	Sufficient and appropriate documentation supporting reported performance information exists. Systems for producing data have been established and documented, although controls may not be complete. The organization has monitored the quality of data supplied by third parties and determined its service.	Sufficient and appropriate documentation supporting reported performance information exists. Internally generated data is produced by well-documented systems, and manual controls are in place and appear reasonable. The organization has monitored the quality of data supplied by third parties and determined its service.

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
2. Focus on the few, critical aspects of performance • *measures aggregated to an appropriate level* • *all major aspects of the business covered* *External performance reporting is an important accountability process, especially in the public sector where stakeholders lack objective measures of success such as profit margins or earnings per share.* *Developing the capacity to report effectively is often linked to an organization's capacity to manage for results. It takes considerable effort, and often time, for organizations to develop such capacity and the ability to produce comprehensive performance reports.* *There is a wealth of information an organization can report. The challenge for organizations is to focus on those aspects of performance that are truly key to understanding performance. Focusing on what is important is made easier where measures are derived from, and are consistent with, an organization's strategy (as discussed under principle 1).*	*The first reports of organizations are often characterized by an overall lack of meaningful information and a "bare bones" presentation (no graphs or other useful ways of presenting data). There are many components to performance reporting, many tied to the organization's capacity to manage for results. It would be unrealistic to expect an organization to display competency in all facets of reporting in the first year.* *Organizations tend to focus first on information that is readily available, so reported performance measures are usually related to immediately measurable outputs. Milestones, such as the installation of systems or the initiation of policies, are also frequently reported. Attaining milestones may be important as organizations develop reporting capacity, but they are not meaningful for measuring ongoing performance. Information may not be available for all aspects of the business, so all areas may not be covered.*	*Performance reporting is a cumulative process. As organizations develop competency in external accountability reporting, their reports begin to expand. Reports should begin employing graphs and tables to illustrate information and make it more user-friendly. Specialized terminology is explained (e.g., in a glossary), but jargon is generally kept to a minimum.* *The measurement of performance begins to shift from a focus on raw outputs towards efficiency and the measurement of outcomes (the impacts of the organization's activities).* *The performance of all aspects of the business is included, but the extent of coverage may be uneven. The organization may have identified indicators it would like to measure, but it may not yet have begun to report. The report may or may not explain why certain performance information is being provided.*	*There are many ways for organizations to measure their performance, such as through outputs (quantity, cost, timeliness, quality), the achievement of outcomes (lag indicators of past performance), efficiency of production, and performance drivers (lead indicators of future performance). All of these can be aggregated at different levels and reported over spans of time ranging from several months to several years.* *A frequent characteristic of organizations that have all the fundamentals in place but have not yet reached full maturity is the reporting of too much information. Reports at this stage tend to contain a large assortment of measures encompassing outputs and outcomes, possibly presented in too much detail.* *Information is illustrated with graphs and tables, and specialized terminology is explained. All lines of business or business objectives are covered. The organization explains why the information it reports is important to readers.*	*The hallmark of effective performance reporting – and, not coincidentally, for effectively managing for results – is the identification of those critical measures that drive performance. Reported measures represent a balanced approach indicative of various perspectives of the business (e.g., human capital, finance, service).* *Fully developed reports are useful to readers because they are concise yet comprehensive. Information is explained and presented so that it is understandable to general readers, using minimal jargon. Prescribing the exact number of measures to report would be misguided. However, many large and complex organizations have been able to distill the essential elements of their performance down to 20 or 25 measures.* *Performance measures cover all lines of business or business objectives, and are aggregated at a level that is relevant to readers. Explanations are provided for the selection of measures so that readers can appreciate the significance of the information presented.*

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
1. Linking goals and achievements (i.e., results) • *identify and explain goals and expectations* • *relate results achieved to stated goals and expectations* *The relevance of performance measures should be explained to readers in the context of the organization's strategic direction. The experience of private sector organizations suggests that this is most easily accomplished where measures of performance have been derived from a top-down process driven by the organization's mission and strategies.* *Managing for results involves two feedback processes. The first is a linear process providing information on how well an organization is executing its plan. This is reflected in external reporting where actual performance is presented in relation to output targets established in an earlier plan. Organizations can be expected to report this type of information at a very early stage of development, as outlined under principle 2.* *The second process provides information on whether the organization's strategies remain viable—in other words, is the*	The Budget Transparency and Accountability Act requires all organizations to issue a service delivery plan. Organizations in the start-up phase may not report actual performance in relation to this plan.	At this stage, an organization's report makes reference to its plan. Results are reported in relation to planned targets. It is sometimes difficult for organizations to fully embrace transparency in reporting—particularly in the early stages, when organizations may be sensitive about reporting under-performance in any one measure. As a result, there may be gaps between the plan and report where shortfalls may not be fully explained, or may not be reported at all. Measures may cover financial and non-financial performance, yet may seem to represent an ad hoc collection. There is, as yet, no integration between what the organization wants to achieve, what it does and how it measures its progress. In the first couple of years after an organization begins to report performance information, there may be high turnover in measures reported as organizations drop measures of low utility in favour of measures with greater meaning. This results in high volatility and low survival rates.	At this stage the organization fully reports its performance in relation to its plan. The organization recognizes that failure to meet any one target is not an indictment of management. Performance in relation to any one measure needs to be viewed in the context of the organization's overall performance. Fair and full explanations are provided where performance expectations are, or are not, met. The organization fully explains its: • mission or mandate (why the organization exists), • goals (what the organization wants to achieve), and • actions (programs or strategies the organization takes to achieve its goals). The organization identifies clear, logical connections between the organization's reason for existence and how it plans and actually goes about fulfilling its raison d'être. In time, as organizations develop and adopt meaningful measures, the rate of turnover should decrease. In addition, the choice of measures is driven by the organization's	The organization fully reports actual performance in relation to planned performance. Fair and full explanations are provided where performance expectations have, or have not, been met. The organization explains its mission or mandate, goals, actions and measures, and the coherent linkages between them, as described under Fundamentals in Place. There are few changes in how the organization reports performance year over year. The achievement of short-term outcomes is measured in quantifiable terms. The organization explains how its actions contribute towards long-term outcomes, and this contribution is explained in the context of other players and external factors. The extent of progress towards outcome goals is related to the ongoing validity and viability of the organization's strategic direction.

(continued)

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
2. Focus on the few, critical aspects of performance • measures aggregated to an appropriate level • all major aspects of the business covered External performance reporting is an important accountability process, especially in the public sector where stakeholders lack objective measures of success such as profit margins or earnings per share. Developing the capacity to report effectively is often linked to an organization's capacity to manage for results. It takes considerable effort, and often time, for organizations to develop such capacity and the ability to produce comprehensive performance reports. There is a wealth of information an organization can report. The challenge for organizations is to focus on those aspects of performance that are truly key to understanding performance. Focusing on what is important is made easier where measures are derived from, and are consistent with, an organization's strategy (as discussed under principle 3).	The first reports of organizations are often characterized by an overall lack of meaningful information and a "bare bones" presentation (no graphs or other useful ways of presenting data). There are many components to performance reporting, many tied to the organization's capacity to manage for results. It would be unrealistic to expect an organization to display competency in all facets of reporting in the first year. Organizations tend to focus first on information that is readily available, so reported performance measures are usually related to immediately measurable outputs. Milestones, such as the installation of systems or the initiation of policies, are also frequently reported. Attaining milestones may be important as organizations develop reporting capacity, but they are not meaningful for measuring ongoing performance. Information may not be available for all aspects of the business, so all areas may not be covered.	Performance reporting is a cumulative process. As organizations develop competency in external accountability reporting, their reports begin to expand. Reports should begin employing graphs and tables to illustrate information and make it more user-friendly. Specialized terminology is explained (e.g., in a glossary), but jargon is generally kept to a minimum. The measurement of performance begins to shift from a focus on raw outputs towards efficiency and the measurement of outcomes (the impacts of the organization's activities). The performance of all aspects of the business is included, but the extent of coverage may be uneven. The organization may have identified indicators it would like to measure, but it may not yet have begun to report. The report may or may not explain why certain performance information is being provided.	There are many ways for organizations to measure their performance, such as through outputs (quantity, cost, timeliness, quality), the achievement of outcomes (lag indicators of past performance), efficiency of production, and performance drivers (lead indicators of future performance). All of these can be aggregated at different levels and reported over spans of time ranging from several months to several years. A frequent characteristic of organizations that have all the fundamentals in place but have not yet reached full maturity is the reporting of too much information. Reports at this stage tend to contain a large assortment of measures encompassing outputs and outcomes, possibly presented in too much detail. Information is illustrated with graphs and tables, and specialized terminology is explained. All lines of business or business objectives are covered. The organization explains why the information it reports is important to readers.	The hallmark of effective performance reporting—and, not coincidentally, for effectively managing for results—is the identification of those critical measures that drive performance. Reported measures represent a balanced approach indicative of various perspectives of the business (e.g., human capital, finance, service). Fully developed reports are useful to readers because they are concise yet comprehensive. Information is explained and presented so that it is understandable to general readers, using minimal jargon. Prescribing the exact number of measures to report would be misguided. However, many large and complex organizations have been able to distill the essential elements of their performance down to 20 to 25 measures. Performance measures cover all lines of business or business objectives, and are aggregated at a level that is relevant to readers. Explanations are provided for the selection of measures so that readers can appreciate the significance of the information presented.

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
3. Linking goals and achievements (i.e., results) • identify and explain goals and expectations • relate results achieved to stated goals and expectations The relevance of performance measures should be explained to readers in the context of the organization's strategic direction. The experience of private sector organizations suggests that this is most easily accomplished where measures of performance have been derived from a top-down process driven by the organization's mission and strategies. Managing for results involves two feedback processes. The first is a linear process providing information on how well an organization is executing its plan. This is reflected in external reporting where actual performance is presented in relation to output targets established in an earlier plan. Organizations can be expected to report this type of information at a very early stage of development, as outlined under principle 2. The second process provides information on whether the organization's strategies remain viable—in other words, is the *(continued)*	The Budget Transparency and Accountability Act requires all organizations to issue a service delivery plan. Organizations in the start-up phase may not report actual performance in relation to this plan.	At this stage, an organization's report makes reference to its plan. Results are reported in relation to planned targets. It is sometimes difficult for organizations to fully embrace transparency in reporting—particularly in the early stages, when organizations may be sensitive about reporting under-performance in any one measure. As a result, there may be gaps between the plan and report where shortfalls may not be fully explained, or may not be reported at all. Measures may cover financial and non-financial performance, yet may seem to represent an ad hoc collection. There is, as yet, no integration between what the organization wants to achieve, what it does and how it measures its progress. In the first couple of years after an organization begins to report performance information, there may be high turnover in measures reported as organizations drop measures of low utility in favour of measures with greater meaning. This results in high novelty and low survival rates.	At this stage the organization fully reports its performance in relation to its plan. The organization recognizes that failure to meet any one target is not an indictment of management. Performance in relation to any one measure needs to be viewed in the context of the organization's overall performance. Fair and full explanations are provided where performance expectations are, or are not, met. The organization fully explains its: • mission or mandate (why the organization exists), • goals (what the organization wants to achieve), and • actions (programs or strategies the organization takes to achieve its goals). The organization identifies clear, logical connections between the organization's reason for existence and how it plans and actually goes about fulfilling its raison d'être. In time, as organizations develop and adopt meaningful measures, the rate of turnover should decrease. In addition, the choice of measures is driven by the organization's	The organization fully reports actual performance in relation to planned performance. Fair and full explanations are provided where performance expectations have, or have not, been met. The organization explains its mission or mandate, goals, actions and measures, and the coherent linkages between them, as described under Fundamentals in Place. There are few changes in how the organization reports performance year over year. The achievement of short-term outcomes is measured in quantifiable terms. The organization explains how its actions contribute towards long-term outcomes, and this contribution is explained in the context of other players and external factors. The extent of progress towards outcome goals is related to the ongoing validity and viability of the organization's strategic direction.

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
3. Linking goals and achievements *(continued)* organization achieving what it set out to achieve? This is reflected in external reporting where short-term outcome targets are compared to results actually measured. The measurement of long-term outcomes is problematic, but organizations can still explain why they believe they are on the right track towards achieving long-term objectives. Reporting at this level of sophistication is expected from organizations at a mature stage.			strategy (how the organization measures and informs readers about the extent to which it has achieved its goals). Performance measurement has begun to focus on short-term outcomes (the immediate impacts of its activities).	

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
4. Linking resources, strategies and results ■ integrate financial and non-financial information to show how resources allocated and strategies adopted influence results In the private sector, success on the bottom line is a key long-term objective and measure of success. In the public sector, while working within financial constraints is important, the bottom line does not measure how effectively or efficiently an organization has operated. This speaks to a prime motivation behind measuring and reporting performance in the public sector. It is no longer enough for organizations to tell the public how much money they have spent: the public wants to know how well that money has been spent and what was achieved.	Only basic financial accountability information is provided: actual costs are reported against budget, and variances are identified. There is no linkage between financial and non-financial information. At the outset the expectation is that organizations would not report much, if any, of this kind of information.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. At the moment, there are few good models available for organizations to emulate. As a result, most organizations are starting from scratch, and progress on this criterion will probably be slow. The organization may begin by measuring output efficiency or linking resources to some programs or activities. However, the information may not be sufficiently explained so that readers understand what it is telling them.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. Organizations link outputs to resources consumed to demonstrate efficiency. Resources are linked to strategies, activities or goals so that readers understand the relative significance of each.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. At the highest level of development, organizations link outputs to resources consumed to demonstrate efficiency. Resources are linked to strategies, activities or goals to explain the relative effectiveness of resource allocations within the organization's overall resource constraint. It is clear, in financial and human terms, the relative degree of effort being devoted to each goal or activity (and related achievements). Resource allocation decisions are explained in the context of achieving the organization's strategy and providing the best value to taxpayers.

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
3. Linking goals and achievements *(continued)*				
organization achieving what it set out to achieve? This is reflected in external reporting where short-term outcome targets are compared to results actually measured. The measurement of long-term outcomes is problematic, but organizations can still explain why they believe they are on the right track towards achieving long-term objectives. Reporting at this level of sophistication is expected from organizations at a mature stage.			strategy (how the organization measures and informs readers about the extent to which it has achieved its goals). Performance measurement has begun to focus on short-term outcomes (the immediate impacts of its activities).	

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
4. Linking resources, strategies and results				
■ *Integrate financial and non-financial information to show how resources allocated and strategies adopted influence results* *In the private sector, success on the bottom line is a key long-term objective and measure of success. In the public sector, while working within financial constraints is important, the bottom line does not measure how effectively or efficiently an organization has operated. This speaks to a prime motivation behind measuring and reporting performance in the public sector. It is no longer enough for organizations to tell the public how much money they have spent; the public wants to know how well that money has been spent and what was achieved.*	Only basic financial accountability information is provided: actual costs are reported against budget, and variances are identified. There is no linkage between financial and non-financial information. At the outset the expectation is that organizations would not report much, if any, of this kind of information.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. At the moment, there are few good models available for organizations to emulate. As a result, most organizations are starting from scratch, and progress on this criterion will probably be slow. The organization may begin by measuring output efficiency or linking resources to some programs or activities. However, the information may not be sufficiently explained so that readers understand what it is telling them.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. Organizations link outputs to resources consumed to demonstrate efficiency. Resources are linked to strategies, activities or goals so that readers understand the relative significance of each.	Well-developed financial accountability information is provided: actual costs are reported against budget, and variances are identified and credibly explained. At the highest level of development, organizations link outputs to resources consumed to demonstrate efficiency. Resources are linked to strategies, activities or goals to explain the relative effectiveness of resource allocations within the organization's overall resource constraint. It is clear, in financial and human terms, the relative degree of effort being devoted to each goal or activity (and related achievements). Resource allocation decisions are explained in the content of achieving the organization's strategy and providing the best value to taxpayers.

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
5. Presenting results in the context of capacity, risks and other factors Organizations do not operate in a vacuum. Various political, economic, social and technological factors in the operating environment impact an organization as it endeavours to meet its objectives. These factors can put at risk the organization's ability to succeed—or they can present new opportunities. It is important that organizations scan the operating environment and assess it in relation to their various strengths and weaknesses. Risks are an everyday part of operations. While risks can never be eliminated, organizations can assess their magnitude and probability so that appropriate mitigation strategies can be adopted. The larger and longer term the outcomes the organization lays claim to, the larger is the influence of other organizations and external factors in achieving those outcomes. Credible explanations of an organization's influence on long-term outcomes must include the influence of external factors.	The organization has identified some risks in the internal and external operating environments, but does not adequately describe how they impact the organization or how they have impacted on the organization's choice of strategies.	The organization identifies key risks in the internal and external operating environments and their impact on the organization, but does not adequately describe how they have influenced strategy. The existence and influence of partner organizations may or may not be addressed.	The organization identifies key risks in the internal and external operating environments. It describes how and to what degree risks impact the organization, and how risk assessment has influenced strategic choices. The organization describes its current capacity. Internal risks are not adequately explained in the context of operational capacity. The achievement of outcomes is discussed in relation to the influence of partners and the impact of other organizations and events.	The organization has identified key risks in the internal and external operating environments, and it describes how and to what degree these impact the organization, and how risk assessment has influenced strategic choices. Internal risks are explained in the context of operational capacity. The influence on outcomes of partners and other organizations is discussed.

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
6. Presenting comparative information • *past performance* • *performance of similar organizations* Organizations can report results in relation to targets, but how are readers to know if the level of performance is reasonable? Useful reporting allows readers to gauge how satisfactory an organization's performance has been beyond the bare comparison of actual results to targeted results. Comparison of an organization's current results to past results helps readers gain an appreciation of whether the organization's performance is improving, deteriorating or remaining unchanged. Historical information also provides readers with a basis to judge whether targets are ambitious, mediocre or somewhere in between. Results information from other similar organizations provides benchmarks against which to compare an organization's results, providing further insights into its level of performance.	Actual results are reported. However, organizations in the Start-up phase usually have no historical information against which to compare current performance.	After the first year, organizations have a baseline of information against which future results can be compared, and this should be reported. However, there may be high turnover in reported measures as the organization goes through a process of learning which measures work best. There is unlikely to be any historical information for new measures as they are introduced.	As the organization gains experience in measuring results, there is increasing stability in the measures of performance reported year over year. This allows organizations to present a time series against which current performance can be compared. *Where possible*, the organization compares its results against benchmarks established by similar organizations.	When results measuring is fully developed, organizations report current results in comparison to historical performance. Historical results are reported and relevant trends are identified. Current performance is explained in relation to these trends. Expectations for future performance are extrapolated from the historical data. *Where possible*, the organization compares its results against benchmarks established by similar organizations.

Principle	Starting	In Process	Fundamentals in Place	Fully Integrated
2. Preserving results in the context of capacity, risks and other factors				
Organizations do not operate in a vacuum. Various political, economic, social and technological factors in the operating environment impact an organization as it endeavours to meet its objectives. These factors can put at risk the organization's ability to succeed – or they can present new opportunities. It is important that organizations scan the operating environment and assess it in relation to their various strengths and weaknesses. Risks are an everyday part of operations. While risks can never be eliminated, organizations can assess their magnitude and probability so that appropriate mitigation strategies can be adopted. The larger and longer-term the outcome the organization has chosen to, the larger is the influence of other organizations and external factors in achieving those outcomes. Credible explanations of an organization's influence on long-term outcomes must include the influence of external factors	The organization has identified some risks in the internal and external operating environments, but does not adequately describe how they impact the organization or how they have impacted on the organization's choice of strategy	The organization identifies key risks in the internal and external operating environments and their impact on the organization, but does not adequately describe how they have influenced strategy choice. The presence and influence of partner organizations may or may not be addressed	The organization identifies key risks in the internal and external operating environments. It describes how and to what degree risks impact the organization, and how risk assessment has influenced strategy choice. The organization describes its current capacity. Internal risks are not adequately explained in the context of operational capacity. The achievement of outcomes is discussed in relation to the influence of partners and the impact of other organizations and events	The organization has identified key risks in the internal and external operating environments, and it describes how and to what degree these impact the organization, and how risk assessment has influenced strategy choice. Internal risks are explained in the context of operational capacity. The influence on outcomes of partners and other organizations is discussed

Principle	Start-up	In Practice	Fundamentals in Place	Fully Incorporated
4. Presenting comparative information				
• past performance • performance of similar organizations Organizations can report results in relation to targets, but how are readers to know if the level of performance is reasonable? Useful reporting allows readers to gauge how satisfactory an organization's performance has been beyond the basic comparison of actual results to targeted results. Comparison of an organization's current results to past results helps readers gain an appreciation of whether the organization's performance is improving, deteriorating or remaining unchanged. Historical information also provides readers with a basis to judge whether targets are ambitious, mediocre or somewhere in between. Results information from other similar organizations provides benchmarks against which to compare an organization's results, providing further insights into its level of performance.	Actual results are reported. However, organizations in the 'start-up' phase usually have no historical information against which to compare current performance.	What do five-year organizations have a baseline of information against which future results can be compared, and this should be reported. However, there may be high turnover in reported measures as the organization goes through a process of learning which measures work best. There is unlikely to be any historical information for new measures as they are introduced.	As the organization gains experience in measuring results, there is increasing stability in the measures of performance reported year over year. This allows organizations to present a time series against which current performance can be compared. Where possible, the organization compares its results against benchmarks established by similar organizations.	When results measuring is fully developed, organizations report current results in comparison to historical performance. Historical results are reported and relevant trends are identified. Current performance is explained in relation to these trends. Expectations for future performance are extrapolated from the historical data. Where possible, the organization compares its results against benchmarks established by similar organizations.

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Appendix A: The OAG-BC Matrix for Assessing the Stage of Development in Reflecting Good Performance Reporting Principles

Principle	Start-up	In Process	Fundamentals in Place	Fully Incorporated
1. Disclosing key reporting judgements				
• *basis for selecting key aspects of performance* ○ *changes in the way performance is measured or presented* ○ *basis on which confidence is held in reliability of the information reported*	The starting place for an organization is to explain how it measures its performance—what it measures and how the information is compiled. Explanations for the choice of reported measures may be minimal or lacking depth. The basis for selecting performance measures may have more to do with the information that was most readily available than with a particular reporting model.	In addition to explaining how it measures and reports its performance, an organization should explain why it has chosen to report performance the way it has. In other words, why do the measures chosen contribute to the performance story the organization is trying to tell, and what insights do they provide readers? As organizations gain experience in measuring performance, and develop the capacity to do so in new ways, changes in the way performance is reported are to be expected. Changes in the way performance is measured should be fully explained.	The organization explains how it measures and reports its performance and why it has chosen to report performance in the way it has. It will always be tempting to drop measures that cast the organization in an unfavourable light and adopt new measures that are more flattering. While such changes may make the performance of an organization look good in the short term, changes in performance reporting that appear to readers as arbitrary and manipulative can significantly detract from a report's credibility. As a result, it is important for organizations to carefully consider changes in how they report information, and it is particularly important to explain changes in the way performance is measured. Not all performance information is equally reliable or equally indicative of overall performance. Information concerning the sources and reliability of key data should be provided so that readers can place appropriate confidence in the information they receive.	The organization explains how it measures and reports its performance and why it has chosen to report performance in the way it has. Any changes in reporting have more to do with changes in the organization's strategic direction than with learning how to best measure performance. Those changes that are made are explained fully, preferably having been foreshadowed in previous reports. Descriptions of planned changes in reporting in future years further enhance the credibility of the long-run performance story. Not all performance information is equally reliable or equally indicative of overall performance. Information concerning the sources and reliability of key data should be provided so that readers can place appropriate confidence in the information they receive.

(continued)

Principle	Sketch-up	In Process	Fundamentals in Place	Fully Incorporated
7. Disclosing key reporting judgements (continued)				
intentions. This matrix assumes good intentions underlie all public reports. If this assumption is challenged, the reviewer or auditor may need to reconsider the advisability of being associated with the organization's performance report.				

Appendix B: Government Organizations Included in Our Review

Ministries

Advanced Education
Agriculture, Food and Fisheries
Attorney General and Minister Responsible for Treaty Negotiations
Children and Family Development
Community, Aboriginal and Women's Services
Competition, Science and Enterprise
Education
Energy and Mines
Finance
Forests
Health Planning
Health Services
Human Resources
Management Services
Provincial Revenue
Public Safety and Solicitor General
Skills Development and Labour
Sustainable Resource Management
Transportation
Water, Land and Air Protection

Crown Corporations and Agencies

British Columbia Assessment Authority
British Columbia Buildings Corporation
British Columbia Ferry Corporation
British Columbia Health Care Risk Management Society
British Columbia Housing Management Commission
British Columbia Hydro and Power Authority
British Columbia Liquor Distribution Branch
British Columbia Lottery Corporation
British Columbia Railway Company
British Columbia Securities Commission

British Columbia Transit
Columbia Basin Trust
Columbia Power Corporation
Insurance Corporation of British Columbia
Land and Water British Columbia Inc.
Legal Services Society
Oil and Gas Commission
Tourism British Columbia

Other

Government as a whole
Office of the Premier

Appendix C: Providing Assurance on the Ministries of Health Planning and Health Services Report: How Are We Doing?

Report of the Auditor General of British Columbia

BRITISH COLUMBIA'S REPORT ON NATIONALLY COMPARABLE PERFORMANCE INDICATORS SEPTEMBER 2002

To the Legislative Assembly of the Province of British Columbia

Purpose

I have audited the indicators presented in the Ministry of Health Services and Ministry of Health Planning (the Ministries) Report on Nationally Comparable Performance Indicators dated September 2002 based on the commitment made in the First Ministers' Meeting Communiqué on Health dated September 11th, 2000. The Conference of Deputy Ministers defined the specific indicators to be regularly reported to Canadians. The preparation of this indicators report is the responsibility of the Ministries. My responsibility is to express an opinion on the indicators based on my audit. However, my responsibility does not extend to assessing the performance achieved or the relevance of the indicators.

Scope

Except as explained in this audit report (see the "Exceptions" section below), I conducted my audit in accordance with standards for assurance engagements established by the Canadian Institute of Chartered Accountants. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the indicators are free of significant misstatements and meet suitable criteria. To this end, I audited these indicators to determine whether they meet the criteria set out in the Annex to this report.

My audit included examining, on a test basis, evidence supporting the indicators and disclosures. As well, my audit was limited to information related to the most recent year in which each indicator was reported. My review of analysis provided by the Ministries in the report was limited to ensuring that the information was not inconsistent with the indicator results.

Conclusion

In my opinion, except for the 18 indicators on which I express no opinion, and subject to the limitations disclosed in this audit report, the indicators included in the Ministries' report are, in all significant respects, presented fairly in accordance with the criteria in the Annex attached to my report and the definitions approved by the Conference of Deputy Ministers.

Exceptions

There were 67 indicators defined by the Conference of Deputy Ministers. Sixty-two are fully reported on by the British Columbia Ministries, two are partially reported, and three are not reported. Data used to develop these indicators were drawn from relevant databases of Statistics Canada, the Canadian Institute for Health Information, Health Canada, and the British Columbia Ministries. I am unable to provide an opinion on 18 indicators for the following reasons. The problems identified below are common to all jurisdictions, with the exception of the three indicators derived from the British Columbia Ministry databases:

Five indicators are based on the Canadian Institute for Health Information (CIHI) databases. They are:

- Total hip replacement rate
- Total knee replacement rate
- Re-admission rate for acute myocardial infarction (AMI)
- Re-admission rate for pneumonia
- Hospitalization rate for ambulatory care sensitive conditions

At this time, I am unable to provide an opinion on the accuracy of the data and the adequacy of disclosure on limitations of the data drawn from the Discharge Abstract/Hospital Morbidity database of the Canadian Institute for Health Information for the above indicators. I am unable to provide an opinion because of a lack of documentation of the CIHI quality assurance process, and because a three-year re-abstraction study, which will provide information on the quality of input data, will not be completed for another two years.

Appendix C: Providing Assurance on the Ministries of Health Planning and Health Services Report: How Are We Doing?

Two indicators were drawn from Statistics Canada based on data from CIHI:

- 365-day net survival rate for AMI
- 180-day net survival rate for stroke

For these indicators, Statistics Canada uses as one of its data sources the Discharge Abstract Database maintained by CIHI.

As Statistics Canada has not made a formal determination of the quality of data it receives from this database, I am unable to provide an opinion on the accuracy of the data or on the adequacy of disclosure for the two indicators.

National data for eight disease surveillance indicators were drawn from three Health Canada databases:

- Invasive meningococcal disease incidence rate
- Measles incidence rate
- Haemophilus influenza b (invasive) disease incidence rate for children
- Prevalence of diabetes
- Tuberculosis incidence rate
- Reported HIV diagnoses
- Verotoxogenic E. coli incidence rate
- Chlamydia incidence rates

Participation in these databases is voluntary, and there is a lack of formal federal/provincial/territorial agreements on sharing, data standards and data definitions. The quality assurance processes for these databases are inadequate to ensure the accuracy of the data. Therefore, I am unable to provide an opinion on the accuracy of the data or the adequacy of disclosure for these indicators.

Data for three indicators listed below were drawn from the British Columbia Ministries' own databases:

- Admissions to publicly-funded home care services
- Wait times for hip replacement surgery
- Wait times for knee replacement surgery

The quality assurance processes for the Ministries' databases are inadequate to ensure the accuracy of these data. Therefore, I am unable to provide an opinion on the accuracy of the data or the adequacy of disclosure for these indicators.

Limitations

The Ministries have reported that three indicators required by the definitions established by the Conference of Deputy Ministers ("the definitions") could not be presented because the source data are not presently available. They are:

- Utilization of home care services
- 30-day acute myocardial infarction mortality rate
- 30-day stroke mortality rate

The Ministries have reported that two indicators required by the definitions could not be fully reported because source data are not presently available. They are:

- Wait time for radiation therapy for breast cancer
- Wait time for radiation therapy for prostate cancer

The Ministries' data contain departures from the definitions for measurement and disclosure for the following indicators:

- Wait times for cardiac surgery
- Wait times for hip and knee replacement surgery

The Ministries have disclosed the nature of these departures in their report.

The British Columbia report includes one comparative indicator relating to other provinces (Age-standardized admissions per 100,000 population to publicly-funded home care). Due to time limitations, I did not perform any audit procedures on the data from the other provinces.

This report on indicators represents a significant step forward in providing accountability information about the health sector to Canadians. I am encouraged by the work undertaken by the Ministries of Health in the preparation of the first nationally-comparable health indicator report. I look forward to working with the Ministries to ensure such reporting continues and strengthens.

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
September 26, 2002

Appendix C: Providing Assurance on the Ministries of Health Planning and Health Services Report: How Are We Doing?

ANNEX - Audit Criteria

Complete

The health indicators reported meet all the performance measurement and reporting requirements of the commitment of the First Ministers' Meeting Communiqué on Health. The performance indicators comply with the definitions, technical specifications and standards of presentation approved by the Conference of Deputy Ministers.

Accurate

The health indicators reported adequately reflect the facts, to an appropriate level of accuracy.

Adequate Disclosure

The health indicators are defined and, their significance and limitations explained. The report states and properly describes departures from what was approved by the Conference of Deputy Ministers and explains and plans for the future resolution of the noncompliance issues.

The Ministries of Health Services and Health Planning have acknowledged these criteria are suitable for the purposes of my audit.

Appendix D: Providing Assurance on the Public Guardian and Trustee 2001/02 Annual Report

Report of the Auditor General of British Columbia

To the Attorney General, Province of British Columbia, and

To the Members of the Legislative Assembly of British Columbia

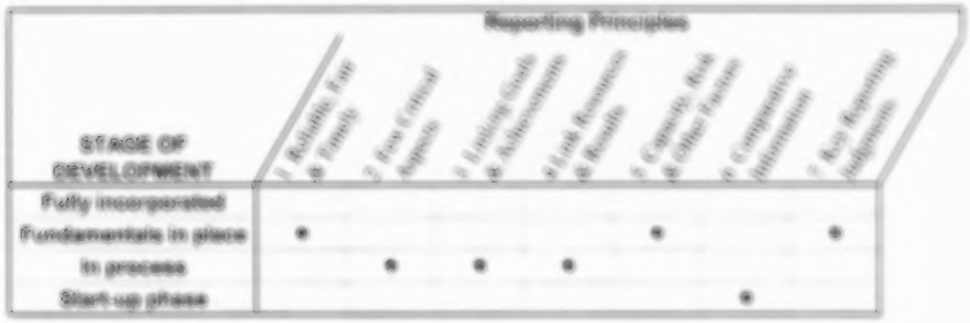
Under section 25 of the Public Guardian and Trustee Act (the Act), the *Public Guardian and Trustee of British Columbia* (the PGT) is to provide a statement of the extent to which his office has met the performance targets and other objectives established in his service delivery plan for the year ending March 31, 2002. Under section 26 of the Act, I have responsibility to report on the PGT's statement. Performance reporting standards for public organizations are still in their infancy. Also, the requirement for the PGT to publicly report performance is new, and it will take time and considerable effort to develop the infrastructure and capacity necessary to fully address all principles of good performance reporting. As a result of these factors, I am discharging my responsibility by reporting on the PGT's stage of development in incorporating seven key principles of good public performance reporting in his 2001/02 Performance Report. The seven principles were developed by CCAF, a national, non-profit research and education foundation. A public report that fully incorporates these principles will depict performance comprehensively. The principles are detailed in the body of this report.

The conclusions in my report are based on the procedures that I determined to be necessary for the collection of sufficient, appropriate evidence in order to obtain a high, though not absolute, level of assurance as to the PGT's stage of development in incorporating seven principles of good public performance reporting. Readers are cautioned that I did not specifically test the accuracy of the data contained in the PGT's report, and consequently I do not offer assurance on the accuracy of the information reported. Also, there are inherent limitations to the assurance that can be provided with respect to certain assertions made by management, such as whether or not the level of performance attained is satisfactory. Consequently, I offer no conclusions regarding the reliability of these assertions.

I conducted my examination in accordance with Canadian standards for assurance engagements and accordingly included such tests and procedures as I considered necessary in the circumstances. As yet there are no generally accepted principles in Canada or internationally for the preparation and periodic reporting of performance information by government organizations. Accordingly, I have used seven key principles of good public performance reporting, as described below, that I believe represent emerging best practice.

Overall Conclusion

In my opinion, the PGT's stage of development in incorporating seven key principles of good public performance reporting for the year ended March 31, 2002, is reflected in the table and the discussion following:



Appendix D: Providing Assurance on the Public Guardian and Trustee 2001/02 Annual Report

Page 2
REPORT OF THE AUDITOR GENERAL
OF BRITISH COLUMBIA ON THE
PUBLIC GUARDIAN AND TRUSTEE OF BRITISH COLUMBIA
PERFORMANCE TARGETS AND OTHER OBJECTIVES

I believe the PGT's report demonstrates good progress in measuring and reporting the PGT's performance, although it does not yet represent a comprehensive depiction of performance. Further efforts will be needed to ensure all seven principles are fully incorporated. I hope to see continued progress in all areas in next year's report. In subsequent years, as reporting standards evolve, I intend to change the scope of my examination in order to provide assurance regarding the fair and reliable presentation of performance in accordance with generally accepted principles of good performance reporting.

Detailed Observations

The seven principles of good public performance reporting applied in my examination were developed by CCAF. CCAF is currently engaged in the development of Guiding Principles for Public Performance Reporting, in consultation with legislators, senior government managers, and legislative auditors from the federal and provincial governments. The seven principles, outlined below, represent the progress of this work as of July 2002.

My Office defined four stages of development, and established criteria for each of the seven principles. In general, the stages of development are:

Starting Phase	Most criteria have not yet been met
In Process	Many criteria have not been met, but progress is being made
Fundamentals in Place	Most significant criteria have been met, but further improvements are needed
Fully Incorporated	All criteria have been substantially met

A "Fundamentals in Place" assessment for all seven principles represents the standard I believe is necessary for a report to be ready for my Office to provide assurance regarding the fair and reliable presentation of performance. While not essential for understanding this report, detailed information concerning the criteria used to assess the stage of development for each of the seven principles can be found on our website: www.bcauditor.com.

A description of the seven principles of public performance reporting, together with my assessment of the PGT's stage of development in relation to each principle, are set out below.

Principle – Good public performance reporting should:	Assessment
1. Be Reliable, Fair, Timely, Consistent, Credible and Useful – Publicly reported performance information should fully incorporate the characteristics of reliability, fairness, timeliness, consistency, credibility and usefulness.	1. Reliable, Fair, Timely, Consistent, Credible and Useful – **Fundamentals in Place** *Reliable:* The PGT has compiled documentation to support all of the performance information in the report. Manual systems for the compilation of performance information were developed and documented for the first report. The PGT has moved in the right direction towards ensuring a reasonable degree of reliability for the data reported, although controls to ensure the completeness and accuracy of data need to be strengthened. *Timely:* The report has been issued in accordance with statutory reporting deadlines. *Fair, Consistent, Credible and Useful:* These attributes are reported in relation to other reporting criteria, as highlighted

Appendix D: Providing Assurance on the Public Guardian and Trustee 2001/02 Annual Report

Page 1
[illegible]

[illegible]	[illegible]
1. Focus on the Few, Critical Aspects of Performance Determination of the selection of what information should be reported should be the hallmark of the management of reporting. Judgment should be guided by: (a) what is important to Canadians and Legislatures in core objective-setting, results commitments of the organization; and (b) aspects of performance judged critical to the success of the organization in achieving its core objectives and meeting its performance commitments. The important balance is rigorous judgment about what is a key, a few necessary to explain those judgments in the report (see principle 7).	1. Focusing on the Few, Critical Aspects of Performance **As Proposed** The PGT has developed a number of performance measures that are identified with specific goals. All lines of business have been addressed. Readers should note that many of these measures focus on milestones – outputs rather than outcomes – such as the completion of agreements or applications or a new procedure is established. We do not dispute the importance of these achievements, but nonetheless such key facts do not represent ongoing measures of performance. Measures of efficiency (time, cost) are mentioned. While mentioned as an important element in assessing service quality, the report would be improved with the inclusion of measures of cost-efficiency and productivity. In time, we hope the PGT will make the report more useful by developing more measures of productivity and efficiency, and by developing a focus on longer-term outcomes.
2. Link Goals and Achievements. Reports should identify and explain goals and expectations, and they should relate the results that have been achieved to those stated goals and expectations. By defining reasonable expectations, organizations establish a basis for trust and dialogue and reduce the risk that results will be judged unfairly after the fact.	2. Linking Goals and Achievements **As Proposed** The PGT has identified linkages between the organization's mission, goals, objectives and programs. The PGT has reported results against performance targets established in the plan and presented this information consistently. Variances from intended performance are explained in a [illegible] and balanced manner. The PGT established specific targets rather than general, helping to make the report useful to readers and creating a good degree of credibility. This is a good precedent for reporting in future years. However, the measures of performance are questionable, rather than meaningful, focused. As noted, the report does not address long-term outcomes the PGT wishes to achieve, how they will be achieved or how success will be measured. A large number of changes to the measures reported year over year is expected as the PGT learns how best to measure performance.

Page 1 of
[illegible] OF THE AUDITOR GENERAL
OF [illegible] ON THE
[illegible] AND PERFORMANCE REPORT
[illegible] [illegible] AND [illegible]

Principle – Good public performance reporting should	Assurance
1. Fully discusses, illustrates and thereby [illegible] should integrate financial and non-financial information in a short, clear, balanced and integrated fashion. Reporting should address relevance (i.e. expectations of investment holders) and [illegible]	1. Address discusses, illustrates and thereby [illegible] **[illegible]** Assess whether [illegible] presented [illegible] appropriate and [illegible] [illegible] [illegible]

Appendix 2: Providing Assurance on the Public Guardian and Trustee 2017-18 Annual Report

[illegible]

[illegible]	[illegible]
[illegible]	[illegible]

[illegible]

[illegible]

Appendix E: Office of the Auditor General: 2002/03 Reports Issued to Date

Report 1

Building a Strong Work Environment in British Columbia's Public Service: A Key to Delivering Quality Service

Report 2

Follow-up of Performance Reports, June 2002

Report 3

A Review of Financial Management Issues in the Office of the Police Complaint Commissioner

Report 4

Monitoring the Government's Finances

Report 5

Managing Contaminated Sites on Provincial Lands

Report 6

Review of Estimates Related to Vancouver's Bid to Stage the 2010 Olympic Winter Games and Paralympics Winter Games

Report 7

Building Better Reports:
Our Review of the 2001/02 Reports of Government

These reports and others are available on our website at http://bcauditor.com

Compiled and typeset by Graphic Designer, Debbie Lee Sawin, of the Office of the Auditor General of British Columbia
and published by the Queen's Printer for British Columbia
Victoria 2003